

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005

1 Christopher M. Curran (*pro hac vice*)

2 ccurran@whitecase.com

3 Lucius B. Lau (*pro hac vice*)

4 alau@whitecase.com

5 Dana E. Foster (*pro hac vice*)

6 defoster@whitecase.com

7 White & Case LLP

8 701 Thirteenth Street, N.W.

9 Washington, DC 20005

10 Telephone: (202) 626-3600

11 Facsimile: (202) 639-9355

12 *Counsel to Defendants Toshiba Corporation,
Toshiba America, Inc.,
Toshiba America Consumer Products, LLC,
Toshiba America Information Systems, Inc.,
and Toshiba America Electronic Components, Inc.*

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 (SAN FRANCISCO DIVISION)

16 IN RE: CATHODE RAY TUBE (CRT)
17 ANTITRUST LITIGATION

Case No. 07-5944 SC
MDL No. 1917

18 This Document Relates to:

19 *The Indirect Purchaser Action*

20 *Electrograph Systems, Inc. et al. v. Hitachi,
Ltd. et al.*, No. 11-cv-01656;

21 *Siegel v. Hitachi, Ltd., et al.,*
No. 11-cv-05502;

22 *Best Buy Co., Inc., et al. v. Hitachi, Ltd., et al.,*
No. 11-cv-05513;

23 **THE TOSHIBA DEFENDANTS'
NOTICE OF MOTION AND MOTION
FOR SUMMARY JUDGMENT
CONCERNING WITHDRAWAL**

24 **ORAL ARGUMENT REQUESTED**

25 Date: February 6, 2015

Time: 10:00 a.m.

Before: Hon. Samuel Conti

26 THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
27 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL
28 Case No. 07-5944 SC
MDL No. 1917

Target Corp., et al. v. Chunghwa Picture Tubes, Ltd., et al., No. 11-cv-05514;

Sears, Roebuck and Co., et al. v. Chunghwa Picture Tubes, Ltd., et al., No. 11-cv-05514;

Interbond Corporation of America v. Hitachi, et al., No. 11-cv-06275;

Office Depot, Inc. v. Hitachi, Ltd., et al.,
No.11-cv-06276;

CompuCom Systems, Inc. v. Hitachi, Ltd. et al., No. 11-cv-06396;

Costco Wholesale Corporation v. Hitachi, Ltd., et al., No. 11-cv-06397;

P.C. Richard & Son Long Island Corporation, et al. v. Hitachi, Ltd., et al., No. 12-cv-02648;

Schultze Agency Services, LLC v. Hitachi, Ltd., et al., No. 12-cv-02649;

Tech Data Corporation, et al. v. Hitachi, Ltd., et al., No. 13-cv-00157;

Sharp Electronics Corp., et al. v. Hitachi, Ltd., et al., No. 13-cv-01173;

ViewSonic Corporation, v. Chunghwa Picture Tubes, Ltd., et al., No. 3:14cv-02510.

For more information about the study, please contact Dr. [REDACTED] at [REDACTED].

REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED

THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL
Case No. 07-5944 SC
MDL No. 1917

TABLE OF CONTENTS

	<u>Page</u>
NOTICE OF MOTION AND MOTION	1
MEMORANDUM OF POINTS AND AUTHORITIES	1
I. STATEMENT OF THE ISSUES	1
II. INTRODUCTION	1
III. UNDISPUTED MATERIAL FACTS	2
IV. STANDARD OF REVIEW	4
V. ARGUMENT.....	5
A. Toshiba's March 31, 2003 Exit From The CRT Industry Constitutes Withdrawal From The Alleged Conspiracy	5
1. Exiting An Industry Is A Recognized Method Of Withdrawal From A Conspiracy.....	5
2. Toshiba's Exit From The CRT Industry Was Communicated To The Alleged Co-Conspirators	7
3. Toshiba Received No Benefits From The Alleged Conspiracy After It Exited The CRT Industry	8
B. The Plaintiffs' Claims Against The Toshiba Defendants Are Time- Barred Because They Were Filed More Than Four Years After The Toshiba Defendants Exited The CRT Industry	10
C. The Toshiba Defendants Are Not Liable For Acts Taken By Alleged Co-Conspirators After The Date Of The Toshiba Defendants' Withdrawal	10
VI. CONCLUSION.....	11

**THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL**
Case No. 07-5944 SC
MDL No. 1917

1 **TABLE OF AUTHORITIES**

2 Cases	<u>Page</u>
3 <i>Anderson v. Liberty Lobby, Inc.</i> , 4 477 U.S. 242 (1986)	4
5 <i>Caribbean Broadcasting System, Ltd. v. Cable & Wireless PLC</i> , 6 148 F.3d 1080 (D.C. Cir. 1998)	9
7 <i>Levine v. United States</i> , 8 383 U.S. 265 (1966)	10, 11
9 <i>In re Brand Name Prescription Drugs Antitrust Litig.</i> , 10 123 F.3d 599 (7th Cir. 1997)	11
11 <i>In re Lithium Ion Batteries Antitrust Litig.</i> , 12 No. 13-MD-2420, 2014 WL 309192 (N.D. Cal. Jan. 21, 2014)	9
13 <i>In re Potash Antitrust Litig.</i> , 14 954 F. Supp. 1334 (D. Minn. 1997)	8
15 <i>In re TFT-LCD (Flat Panel) Antitrust Litig.</i> , 16 820 F. Supp. 2d 1055 (N.D. Cal. 2011)	11
17 <i>Kinetic Systems, Inc. v. Federal Financing Bank</i> , 18 No. 12-cv-01619-SC, 2014 WL 3964952 (N.D. Cal. Aug. 13, 2014)	4
19 <i>Morton's Market, Inc. v. Gustafson's Dairy, Inc.</i> , 20 198 F.3d 823 (11th Cir. 1999)	5, 6, 8
21 <i>Spanish Broadcasting System of Florida, Inc. v. Clear Channel Communications, Inc.</i> , 22 376 F.3d 1065 (11th Cir. 2004)	9
23 <i>United States v. Antar</i> , 24 53 F.3d 568 (3d Cir. 1995)	10
25 <i>United States v. Eisen</i> , 26 974 F.2d 246 (2d Cir. 1992)	9
27 <i>United States v. Greenfield</i> , 28 44 F.3d 1141 (2d Cir. 1995)	11
29 <i>United States v. Lothian</i> , 30 976 F.2d 1257 (9th Cir. 1992)	5, 11
31 <i>United States v. Nerlinger</i> , 32 862 F.2d 967 (2d Cir. 1988)	6, 7

1	<i>United States v. Read,</i> 658 F.2d 1225 (7th Cir. 1981)	10
2		
3	<i>United States v. Steele,</i> 85 F.2d 793 (3d Cir. 1982)	7
4		
5	<i>United States v. U.S. Gypsum Co.,</i> 438 U.S. 422 (1978)	5
6		
7	<i>Virginia v. McKesson Corp.,</i> No. C 11-02782 SI, 2013 WL 1287423 (N.D. Cal. Mar. 28, 2013)	5, 7
8		
9	<u>Statutes</u>	
10	15 U.S.C. § 15b (2006).....	11
11		
12	<u>Federal Rules</u>	
13	Fed. R. Civ. P. 56(a)	4
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

3 PLEASE TAKE NOTICE that on February 6, 2015, at 10:00 a.m., or as soon
4 thereafter as the matter may be heard, in Courtroom 1, 17th Floor, 450 Golden Gate Avenue,
5 San Francisco, California, before the Honorable Samuel Conti, Toshiba Corporation
6 (“Toshiba Corp.”), Toshiba America, Inc. (“TAI”), Toshiba America Consumer Products,
7 LLC (“TACP”), Toshiba America Information Systems, Inc. (“TAIS”), and Toshiba America
8 Electronic Components, Inc. (“TAEC”) (collectively, the “Toshiba Defendants”) will and
9 hereby do move the Court, under Rule 56(a) of the Federal Rules of Civil Procedure, for an
10 Order for summary judgment in the Toshiba Defendants’ favor as to all of the plaintiffs’
11 claims for relief as those claims are time-barred for the reasons set forth in the accompanying
12 Memorandum of Points and Authorities.

This motion is based upon this Notice of Motion, the accompanying Memorandum of Points and Authorities in support thereof, the complete files and records in this action, oral argument of counsel, and such other and further matters as this Court may consider.

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005

**THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL**
Case No. 07-5944 SC
MDL No. 1917

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF THE ISSUES**

3 1. In circumstances where the Toshiba Defendants transferred their relevant CRT
4 business units and assets to a new entity on March 31, 2003, whether that transfer constitutes
5 withdrawal from any alleged CRT conspiracy.

6 2. Whether the Plaintiffs' federal and state claims, other than those under the laws
7 of Wisconsin and Vermont, are time-barred because they were filed more than four years after
8 the Toshiba Defendants withdrew from the alleged CRT conspiracy.

9 3. For those of the Plaintiffs' claims that are not time-barred, whether the Toshiba
10 Defendants are liable for the acts of alleged co-conspirators taken after the date of the Toshiba
11 Defendants' withdrawal from the alleged CRT conspiracy.

12 **II. INTRODUCTION**

13 1. A company can withdraw from a conspiracy in a variety of ways. One of the
14 accepted means of withdrawal occurs when a company exits an industry and communicates
15 that exit to its co-conspirators. Here, the Toshiba Defendants exited the CRT industry on
16 March 31, 2003 by transferring their relevant CRT operations to a new entity, Matsushita
17 Toshiba Picture Display Co., Ltd. ("MTPD"). The Toshiba Defendants' exit from the CRT
18 industry was widely publicized in newspaper articles in both Japan and the United States.
19 Accordingly, the Toshiba Defendants withdrew from any alleged CRT conspiracy as of
20 March 31, 2003.

21 The fact that Toshiba Corporation retained a minority share in MTPD does nothing to
22 change this analysis. Toshiba Corporation had no day-to-day control over MTPD and did not
23 receive any benefit from its minority ownership. Courts have recognized that a minority
24 shareholder is not deemed a participant in a relevant market merely as a result of that minority
25 ownership.

26 2. Because the Toshiba Defendants withdrew from the alleged CRT conspiracy
27 on March 31, 2003, the Plaintiffs' claims against the Toshiba Defendants are time-barred,

1 with the exception of those state law claims involving Wisconsin and Vermont. The
 2 Plaintiffs' Sherman Act claims are governed by a four-year statute of limitations. Given the
 3 Toshiba Defendants' withdrawal, the statute of limitations expired with respect to the
 4 Sherman Act on March 31, 2007. The Plaintiffs, however, did not commence their first action
 5 until November 26, 2007. As a result, the Plaintiffs' federal claims are time-barred. Most of
 6 the Plaintiffs' state-law claims are also time-barred because, with the exception of Wisconsin
 7 and Vermont, all of the Plaintiffs' state law claims are governed by a four-year statute of
 8 limitations.

9 3. For those of the Plaintiffs' claims that are not time-barred, the Toshiba
 10 Defendants are not liable for any damages associated with alleged co-conspirators activities
 11 after March 31, 2003. Withdrawal negates the element of agreement necessary to maintain a
 12 conspiracy claim. Consequently, the Toshiba Defendants are not liable for any joint-and-
 13 several claims after March 31, 2003, because they withdrew from any conspiracy as of that
 14 date.

15 **III. UNDISPUTED MATERIAL FACTS**

16 On September 26, 2002, Toshiba Corporation ("Toshiba Corp.") and Matsushita
 17 Electric Industrial Co., Ltd. ("Matsushita") publicly announced that they were combining their
 18 CRT businesses and forming a new company. Declaration of Lucius B. Lau, dated November
 19 7, 2014 ("Lau Decl."), Ex. A (Press Release, "Matsushita and Toshiba to Consolidate CRT
 20 Business"). Although this press release indicated that Toshiba Corporation would own a 40%
 21 share of MTPD based on initial negotiations, Toshiba Corporation actually received only a
 22 35.5% share of MTPD when MTPD began operations on April 1, 2003. Lau Decl., Ex. B
 23 (Press Release, "Matsushita and Toshiba Announce Outline of New CRT Joint Venture"); Lau
 24 Decl., Ex. C (MTPDA_SEC-0225500 ("Business Integration Agreement")).

25 Toshiba Corp. and Matsushita entered in a Business Integration Agreement on
 26 January 29, 2003. Lau Decl., Ex. C (Business Integration Agreement). Pursuant to the
 27 Business Integration Agreement, the companies agreed to combine and integrate their CRT
 28 businesses into an integrated company known as Matsushita Toshiba Picture Display Co., Ltd.

THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 (“MTPD”). Lau Decl., Ex. C (Business Integration Agreement). Pursuant to this agreement,
2 on March 31, 2003, Toshiba Corp. transferred CRT personnel, factories, and all
3 documentation to MTPD, and exited the CRT market. Lau Decl., Ex. D (Toshiba
4 Corporation’s Objections and Responses to Indirect-Purchaser Plaintiffs’ First Set of
5 Interrogatories to Defendants, Response to Interrogatory No. 2 (“Response to IPPs’
6 Interrogatory No. 2”)); Lau Decl., Ex. E (Declaration of Mio Tamba); Lau Decl., Ex. F
7 (Tamba Dep. Tr. at 26:11-27:15). MTPD was 64.5% owned by Matsushita and 35.5% owned
8 by Toshiba Corp. Lau Decl., Ex. C (Business Integration Agreement); Lau Decl., Ex. G
9 (TSB-CRT-00026162 at TSB-CRT-00026173). Both Toshiba Corp. and Matsushita
10 contributed assets related to CRT product development, manufacturing, and sales operations
11 to the new company. Lau Decl., Ex. G (TSB-CRT-00026162). Toshiba Corp. transferred five
12 CRT subsidiaries into MTPD: Toshiba Display Devices, Inc. (“TDD”), Toshiba Display
13 Devices (Thailand) Co., Ltd. (“TDDT”), P.T. Toshiba Display Devices Indonesia (“TDDJ”),
14 P.T. Display Devices Indonesia (“DDI”), and MT Display Procurement Co., Ltd. (a joint
15 procurement company established with equal ownership by Toshiba and Matsushita on April
16 15, 2002). Lau Decl., Ex. H (Kurosawa Dep. Tr. at 145:22-146:5); Lau Decl., Ex. G (TSB-
17 CRT-00026162).

18 Upon MTPD’s formation, employees of Toshiba entities involved in CRTs were
19 transferred to MTPD and were no longer employed by any Toshiba entity. Lau Decl., Ex. F
20 (Tamba Dep. Tr. at 26:11-27:15). Following the creation of MTPD, Toshiba Corp. had no
21 control over the day-to-day activities of the newly created company. Lau Decl., Ex. D
22 (Response to IPPs’ Interrogatory No. 2); Lau Decl., Ex. E (Declaration of Mio Tamba); Lau
23 Decl., Ex. I (Kawano Rough Dep. Tr. 51:14-53:10 (testifying that Toshiba Corporation
24 received financial reports from MTPD’s vice president, but had shifted operations of its CRT
25 business to MTPD)). Toshiba Corp. was a 35.5% minority shareholder with limited rights.
26 Lau Decl., Ex. D (Response to IPPs’ Interrogatory No. 2). Toshiba Corp. never exercised any
27 veto rights related to the operations of MTPD. Lau Decl., Ex. E (Declaration of Mio Tamba).
28 Toshiba Corp. never held more than 35.5% of MTPD and relinquished this stake in March of

THE TOSHIBA DEFENDANTS’ NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 2007. Lau Decl., Ex. E (Declaration of Mio Tamba); Lau Decl., Ex. F (Tamba Dep. Tr. at
 2 56:21-57:2). Further, Toshiba Corporation appointed a minority of MTPD's Board of
 3 Directors. Lau Decl., Ex. H (Kurosawa Dep. Tr. at 148:16-149:17) (of MTPD's ten directors,
 4 only four were appointed by Toshiba Corp., and only one of those four was a Toshiba Corp.
 5 employee). Article 32 of the Business Integration Agreement prohibited any Toshiba entity
 6 from reentering the CRT business and competing with MTPD in the "business of
 7 research/development, manufacture or sale of the CRT." Lau Decl., Ex. C at MTPDA_SEC-
 8 0225572 (Business Integration Agreement).

9 Toshiba Corporation's exit from the CRT industry was the subject of press releases,
 10 public annual reports, and news media. Lau Decl., Ex. A (Press Release, "Matsushita and
 11 Toshiba to Consolidate CRT Business"); Lau Decl., Ex. J (Press Release, "Matsushita and
 12 Toshiba to Launch North American Operations of New CRT Joint Venture"); Lau Decl., Ex.
 13 K (Toshiba Corporation Annual Report 2003); Lau Decl., Ex. L (HEDUS-CRT-00007154);
 14 Lau Decl., Ex. M (*Twice Magazine*, "Matsushita, Toshiba Advances CRT Joint Venture").

15 Toshiba Corporation did not receive any dividends or other financial distributions
 16 from MTPD. Lau Decl., Ex. E (Declaration of Mio Tamba).

17 **IV. STANDARD OF REVIEW**

18 A court "shall" grant summary judgment "if the movant shows that there is no genuine
 19 dispute as to any material fact and the movant is entitled to judgment as a matter of law."
 20 Fed. R. Civ. P. 56(a). "Summary judgment should be granted if the evidence would require a
 21 directed verdict for the moving party." *Kinetic Systems, Inc. v. Federal Financing Bank*,
 22 No. 12-cv-01619-SC, 2014 WL 3964952, at *3 (N.D. Cal. Aug. 13, 2014) (Conti, J.) (citing
 23 *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251 (1986)). "The mere existence of a
 24 scintilla of evidence in support of the plaintiff's position will be insufficient; there must be
 25 evidence on which the jury could reasonably find for the plaintiff." *Anderson*, 477 U.S. at
 26 252.

27
 28 THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 **V. ARGUMENT**

2 **A. Toshiba's March 31, 2003 Exit From The CRT Industry**
 3 **Constitutes Withdrawal From The Alleged Conspiracy**

4 The Toshiba Defendants exited the CRT industry on March 31, 2003 when their
 5 relevant CRT business units and assets were transferred to MTPD. This exit was widely
 6 publicized. By exiting the CRT industry in a widely publicized manner, the Toshiba
 7 Defendants withdrew from any CRT conspiracy that might have existed.

8 **1. Exiting An Industry Is A Recognized Method Of**
 9 **Withdrawal From A Conspiracy**

10 “A defendant can establish withdrawal from a conspiracy in various ways.” *Virginia*
 11 *v. McKesson Corp.*, No. C 11-02782 SI, 2013 WL 1287423, at *3 (N.D. Cal. Mar. 28, 2013);
 12 *see also United States v. U.S. Gypsum Co.*, 438 U.S. 422, 464-65 (1978) (finding jury
 13 instruction on withdrawal inadequate where it “limited the jury’s consideration to only two
 14 circumscribed and arguably impractical methods of demonstrating withdrawal from the
 15 conspiracy”); *United States v. Lothian*, 976 F.2d 1257, 1261 (9th Cir. 1992) (“To withdraw
 16 from a conspiracy a defendant must either disavow the unlawful goal of the conspiracy,
 17 affirmatively act to defeat the purpose of the conspiracy, or take ‘definite, decisive, and
 18 positive’ steps to show that the [defendants] disassociation from the conspiracy is sufficient.”)
 19 (internal quotation marks omitted). The law recognizes that “[a]ffirmative acts inconsistent
 20 with the object of the conspiracy and communicated in a manner reasonably calculated to
 21 reach co-conspirators [are] *sufficient* to establish withdrawal or abandonment.” *U.S. Gypsum*,
 22 438 U.S. at 464-65 (emphasis added).

23 A company that exits an industry and communicates its exit to co-conspirators has
 24 withdrawn from any conspiracy among industry participants. For a conspiracy that is “carried
 25 out through the regular activities of an otherwise legitimate business enterprise,” a conspirator
 26 may establish effective withdrawal by showing that “he retired from the business, severed all
 27 ties to the business, and deprived the remaining conspirator group of the services which he
 28 provided to the conspiracy.” *Morton’s Market, Inc. v. Gustafson’s Dairy, Inc.*, 198 F.3d 823,

1 839 (11th Cir. 1999) (citing *United States v. Lowell*, 649 F.2d 950, 955 (3d Cir. 1981)). When
 2 the Toshiba Defendants transferred their CRT operations to MTPD, the Toshiba Defendants
 3 were no longer able to participate in the alleged conspiracy. The Toshiba Defendants' former
 4 employees became MTPD employees and were no longer positioned to act on behalf of the
 5 Toshiba Defendants. With no operations or employees with which to participate in the
 6 alleged conspiracy, the Toshiba Defendants were effectively disabled from membership in the
 7 alleged CRT conspiracy after March 31, 2003.

8 In *Morton's Market*, Pet (a defendant dairy company) claimed that it withdrew from a
 9 milk price-fixing conspiracy when it exited the dairy business by selling its dairy company.
 10 198 F.3d at 838. As the Eleventh Circuit framed the question, “The issue, then, is whether
 11 Pet’s sale of its dairy, without more, effectively withdrew it from the milk price-fixing
 12 conspiracy, or whether some further affirmative step was required to end its liability.” *Id.* at
 13 839. Pet argued that, consistent with *U.S. Gypsum*, the “extensive” publicity regarding the
 14 sale at the time constituted a communication of its disavowal of the conspiracy. *Id.* The
 15 Eleventh Circuit agreed, finding that by selling its dairy company, Pet “totally severed” its ties
 16 to the conspiracy because it “did nothing more to assist or participate in the price-fixing
 17 activities of the other dairies.” *Id.* The court also agreed that media reports of the sale were
 18 sufficient to meet the requirements of *U.S. Gypsum*. *Id.*

19 Similar to the withdrawing defendant in *Morton's Market*, the Toshiba Defendants
 20 transferred their CRT operations and severed their ties with the industry. The severance was
 21 communicated by the Toshiba Defendants, Matsushita, and by the press. The alleged co-
 22 conspirators were on notice that the Toshiba Defendants could no longer participate in any
 23 CRT conspiracy. The Toshiba Defendants’ exit from the CRT industry defeated the purpose
 24 of the alleged conspiracy as it related to the Toshiba Defendants. Because Article 32 of the
 25 Business Integration Agreement prohibited any Toshiba entity from reentering the CRT
 26 business, Toshiba was effectively disabled from participating in any CRT conspiracy. Lau
 27 Decl., Ex. C at MTPDA_SEC-0225572 (Business Integration Agreement). Such disablement
 28 constitutes withdrawal. To illustrate, in *United States v. Nerlinger*, 862 F.2d 967 (2d Cir.

THE TOSHIBA DEFENDANTS’ NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 1988), the court held that a defendant's closing of a financial account used to effectuate the
 2 conspiracy constituted effective withdrawal because it "disabled him from further
 3 participation [in the conspiracy] and made that disability known to [conspirators]. That is
 4 enough." *Id.*; see also *United States v. Steele*, 685 F.2d 793, 803-04 (3d Cir. 1982) (holding
 5 that defendant successfully withdrew from a bribery conspiracy when he "resigned and
 6 permanently severed his employment relationship" with the conspiring company). This same
 7 principle applies to the Toshiba Defendants.

8 **2. Toshiba's Exit From The CRT Industry Was**
 9 **Communicated To The Alleged Co-Conspirators**

10 To establish withdrawal from a conspiracy, a defendant must offer proof that its
 11 affirmative acts of withdrawal "were 'communicated in a manner reasonably calculated to
 12 reach co-conspirators.'" *McKesson*, 2013 WL 1287423, at *3 (quoting *U.S. Gypsum Co.*, 438
 13 U.S. at 464-65). As described above, the Toshiba Defendants took clear, affirmative steps
 14 inconsistent with the objects of the alleged conspiracy when they transferred their CRT
 15 operations to MTPD. The Toshiba Defendants also communicated their withdrawal from the
 16 industry by issuing press releases and informing the public through annual reports. On
 17 September 26, 2002, Matsushita and Toshiba Corporation issued a press release announcing
 18 that they agreed to consolidate their CRT businesses into a single company and planned to
 19 incorporate the new company by March 31, 2003. Lau Decl., Ex. A (Press Release,
 20 "Matsushita and Toshiba to Consolidate CRT Business"). The press release announced that
 21 "Toshiba factories in the United States, Thailand, and Indonesia" would be contributed to the
 22 new company. *Id.* The parties issued another press release on March 28, 2003, announcing
 23 that the U.S. CRT operations of Matsushita and Toshiba Display Devices, Inc. ("TDD"),
 24 including manufacturing facilities and sales offices, would be contributed to the new
 25 company. Lau Decl., Ex. J (Press Release, "Matsushita and Toshiba to Launch North
 26 American Operations of New CRT Joint Venture"). In its 2003 Annual Report, Toshiba
 27 Corporation announced that that it had initiated a series of restructuring measures including
 28 the formation of a new company with Matsushita regarding CRTs. The report states that, "On

THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 January 1, 2003, Toshiba Corporation and Matsushita formed MTPD.” Lau Decl., Ex. K
 2 (Toshiba Corporation Annual Report 2003). After the formation of MTPD was publicly
 3 announced, and before MTPD began operations, other CRT manufacturers asked Toshiba
 4 Corp. employees for information about the new company. Lau Decl., Ex. I (Kawano Rough
 5 Dep. Tr. at 109:13-110:1).

6 The formation of MTPD was also publicized by the media. As early as April 25,
 7 2002, newspapers in Japan reported that Toshiba Corp. and Matsushita had “entered into the
 8 final stage of agreement toward integrating their CRT business for television and personal
 9 computer.” Lau Decl., Ex. L (HEDUS-CRT-00007154). Industry publication *Twice
 Magazine* published an article on March 28, 2003 describing the formation of MTPD and
 10 noting that the company would “integrate global CRT operations of the two companies,
 11 including R&D, manufacturing, and sales . . .” Lau Decl., Ex. M (*Twice Magazine*,
 12 “Matsushita, Toshiba Advances CRT Joint Venture”). Other courts have ruled in similar
 13 circumstances that communication of withdrawal through media reports satisfies the
 14 communication element of withdrawal. *See Morton’s Market, Inc.*, 198 F.3d at 839
 15 (affirming grant of summary judgment when defendants retired from a business and “this
 16 retirement was communicated to [co-defendants] by the media.”); *In re Potash Antitrust Litig.*
 17 954 F. Supp. 1334, 1391 (D. Minn. 1997) (recommending summary judgment in favor of
 18 defendant when defendant’s exit from the industry was communicated by trade and financial
 19 publications), *aff’d sub nom Blomkest Fertilizer, Inc. v. Potash Corp. of Saskatchewan*, 203
 20 F.3d 1028 (8th Cir. 2000), *cert. denied*, 531 U.S. 815 (2000).

22 **3. Toshiba Received No Benefits From The Alleged
 23 Conspiracy After It Exited The CRT Industry**

24 The Toshiba Defendants’ withdrawal from the alleged CRT conspiracy is not negated
 25 by its minority ownership in MTPD because Toshiba realized no benefits from the alleged
 26 conspiracy after the formation of MTPD. When withdrawing from a conspiracy, a
 27 defendant’s split with its co-conspirators “must be both clean and permanent.” *Morton’s
 28 Market*, 198 F.3d at 839. In some instances, courts have found that a withdrawal is not “clean

THE TOSHIBA DEFENDANTS’ NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 and permanent” when the withdrawing entity continues to profit from the conspiracy. In
 2 *United States v. Eisen*, 974 F.2d 246, 269 (2d Cir. 1992), the Second Circuit held that an
 3 attorney did not successfully withdraw from a conspiracy — even after resigning from the
 4 conspirator law firm — because the attorney acknowledged that he was still receiving a share
 5 of the proceeds from the conspiracy. Such facts do not exist in this case. After March 31,
 6 2003, MTPD, not the Toshiba Defendants, was the only entity that could have participated in
 7 and profited from any CRT conspiracy. Toshiba Corp. never received dividends from MTPD.
 8 Lau Decl., Ex. E (Declaration of Mio Tamba). Unlike the defendant-attorney in *Eisen*, the
 9 Toshiba Defendants permanently severed direct ties with their co-defendants when they exited
 10 the CRT industry. Under U.S. antitrust law, a minority shareholder is not deemed a
 11 participant in a relevant market solely on the basis of its minority ownership. *See Caribbean*
 12 *Broad. Sys., Ltd. v. Cable & Wireless PLC*, 148 F.3d 1080 (D.C. Cir. 1998) (“One company’s
 13 minority ownership interest in another company is not sufficient by itself to make the owner a
 14 competitor, for purposes of the antitrust laws, of the subsidiary’s rivals.”); *Spanish Broad.*
 15 *Sys. of Florida, Inc. v. Clear Channel Commc’ns, Inc.*, 376 F.3d 1065, 1075 (11th Cir. 2004)
 16 (rejecting plaintiff’s argument that minority ownership of a subsidiary rendered a parent
 17 corporation a participant in the relevant market).

18 Toshiba Corporation’s minority interest in MTPD gave it no control over the day-to-
 19 day operations of MTPD such that the Toshiba Defendants could be deemed to continue
 20 participating in the CRT industry. *See Spanish Broad.*, 376 F.3d at 1075 (affirming motion to
 21 dismiss Sherman Act claim against minority shareholder when complaint contained “no
 22 allegation with respect of control over day-to-day operations or general corporate policies” by
 23 the minority shareholder over the co-defendant subsidiary); *In re Lithium Ion Batteries*
 24 *Antitrust Litig.*, No. 13-MD-2420, 2014 WL 309192, at *6 (N.D. Cal. Jan. 21, 2014) (stating
 25 rule that minority stock ownership is not by itself sufficient to show ownership and control).

26
 27
 28

THE TOSHIBA DEFENDANTS’ NOTICE OF MOTION AND
 MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 **B. The Plaintiffs' Claims Against The Toshiba Defendants Are
2 Time-Barred Because They Were Filed More Than Four Years
3 After The Toshiba Defendants Exited The CRT Industry**

4 The Plaintiffs' Sherman Act claims are subject to a four-year statute of limitations.
5 15 U.S.C. § 15b (2006). Because of the Toshiba Defendants' withdrawal from the alleged
6 CRT conspiracy, these federal claims are barred by this statute of limitation. All of the
7 Plaintiffs' state-law claims, except those under Wisconsin and Vermont law, are also barred
8 by the applicable statutes of limitation. Lau Decl., Ex. N (list of applicable statutes of
limitation).

9 The statute of limitations begins to run upon a conspirator's withdrawal from a
10 conspiracy. *United States v. Antar*, 53 F.3d 568, 584 (3d Cir. 1995); *United States v. Read*,
11 658 F.2d 1225, 1233 (7th Cir. 1981). At the latest, the Toshiba Defendants withdrew from the
12 alleged conspiracy when MTPD began operations on April 1, 2003. The first complaint
13 against the Toshiba Defendants was not filed in this action until November 26, 2007, more
14 than four years after the date of Toshiba Corp.'s withdrawal from the CRT industry. ("Class
15 Action Complaint," ECF No. 1). "If a withdrawing conspirator is not sued within the
16 limitations period, all claims against it are time-barred." *Read*, 658 F.2d at 1233. Because the
17 Plaintiffs' claims against TAI, TACP, TAIS, and TAEC are derivative of their claims against
18 Toshiba Corp. — in that these entities were "represented" at meetings by Toshiba Corp. or
19 participated at meetings "through" Toshiba Corp. (Indirect Purchaser Plaintiffs' Fourth
20 Consolidated Amended Complaint ¶ 178, ECF No. 1526) — these claims were also filed
21 outside of the four-year statute of limitations. Accordingly, the Court should grant judgment
22 in favor of the Toshiba Defendants on all of the Plaintiffs' claims subject to a four-year statute
23 of limitations.

24 **C. The Toshiba Defendants Are Not Liable For Acts Taken By
25 Alleged Co-Conspirators After The Date Of The Toshiba
26 Defendants' Withdrawal**

27 When a defendant effectively withdraws from the conspiracy, it cannot be held liable
28 for the offenses committed by co-conspirators after its withdrawal. *Levine v. United States*,

1 383 U.S. 265, 266 (1966); *In re TFT-LCD (Flat Panel) Antitrust Litig.*, 820 F. Supp. 2d 1055,
 2 1059 (N.D. Cal. 2011) (stating rule that joint-and-several liability “continues until the
 3 objectives of the conspiracy are completed, or the defendant withdraws from the conspiracy”).
 4 Because withdrawal negates the element of agreement required to maintain a conspiracy
 5 claim, a conspirator who withdraws from a conspiracy is no longer liable for the later actions
 6 or effects of the conspiracy. *United States v. Lothian*, 976 F.2d 1257, 1261 (9th Cir. 1992);
 7 *see also United States v. Greenfield*, 44 F.3d 1141, 1150 (2d Cir. 1995) (“A conspiracy exists
 8 when persons combine and agree. . . . A defendant withdraws from a conspiracy when he or
 9 she abandons the combination and agreement.”). The defendant “terminate[s its] liability for
 10 the continuing illegal acts of a conspiracy that [it] had joined” by effectively withdrawing,
 11 either through “report[ing] the conspiracy to the authorities or announc[ing] [its] withdrawal
 12 to [its] coconspirators.” *In re Brand Name Prescription Drugs Antitrust Litig.*, 123 F.3d 599,
 13 616 (7th Cir. 1997) (citing *U.S. Gypsum Co.*, 438 U.S. at 463-65). Pursuant to this well-
 14 established rule, those of the Plaintiffs’ claims against the Toshiba Defendants that are not
 15 time-barred nonetheless cannot support joint-and-several liability on purchases made on or
 16 after April 1, 2003, the date on which MTPD began operations and the Toshiba Defendants’
 17 CRT operations effectively ceased. Therefore, in the event that the Court finds that any of the
 18 Plaintiffs’ claims are not time barred, summary judgment is nonetheless appropriate on claims
 19 based on the conduct of co-defendants occurring after March 31, 2003.

20 VI. CONCLUSION

21 For these reasons, the Toshiba Defendants’ motion for summary judgment should be
 22 granted and the Court should (1) dismiss all of the plaintiffs’ Sherman Act claims as they
 23 pertain to the Toshiba Defendants; (2) dismiss all of the plaintiffs’ state claims as they pertain
 24 to the Toshiba Defendants, with the exception of the Vermont state claims brought by the
 25 Indirect Purchaser Plaintiffs (“IPPs”) and the Wisconsin state claims brought by the IPPs and
 26 Sears Roebuck and Co. and Kmart Corp. (“Sears/Kmart”); and (3) with respect to the
 27 Vermont state claims brought by the IPPs and the Wisconsin state claims brought by the IPPs

1 and Sears/Kmart, hold that the Toshiba Defendants are not subject to joint and several liability
2 for any illegal conduct that occurred after March 31, 2003.

3

4

5 Respectfully submitted,

6 Dated: November 7, 2014

7 **WHITE & CASE LLP**

8

9

10 By: /s/ Lucius B. Lau

11 Christopher M. Curran (*pro hac vice*)
ccurran@whitecase.com

12 Lucius B. Lau (*pro hac vice*)
alau@whitecase.com

13 Dana E. Foster (*pro hac vice*)
dfoster@whitecase.com

14 701 Thirteenth Street, N.W.
Washington, DC 20005
tel.: (202) 626-3600
fax: (202) 639-9355

15 *Counsel to Defendants Toshiba*
Corporation, Toshiba America, Inc.,
Toshiba America Consumer Products, LLC,
Toshiba America Information Systems, Inc.,
and Toshiba America Electronic
Components, Inc.

16

17

18

19

20

21

22

23

24

25

26

27

28

THE TOSHIBA DEFENDANTS' NOTICE OF MOTION AND
MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

1 **CERTIFICATE OF SERVICE**

2 On November 7, 2014, I caused a copy of "THE TOSHIBA DEFENDANTS'
3 NOTICE OF MOTION AND MOTION FOR SUMMARY JUDGMENT CONCERNING
4 WITHDRAWAL" to be served via ECF on the other parties in this action.

5 _____
6 */s/ Lucius B. Lau*
7 Lucius B. Lau

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
(SAN FRANCISCO DIVISION)

**IN RE: CATHODE RAY TUBE (CRT)
ANTITRUST LITIGATION**

Case No. 07-5944 SC
MDL No. 1917

This Document Relates to:

The Indirect Purchaser Action

Electrograph Systems, Inc. et al. v. Hitachi, Ltd. et al., No. 11-cv-01656;

Siegel v. Hitachi, Ltd., et al.,
No. 11-cv-05502;

Best Buy Co., Inc., et al. v. Hitachi, Ltd., et al.,
No. 11-cv-05513;

Target Corp., et al. v. Chunghwa Picture Tubes, Ltd., et al., No. 11-cv-05514;

Sears, Roebuck and Co., et al. v. Chunghua Picture Tubes, Ltd., et al., No. 11-cv-05514;

Interbond Corporation of America v. Hitachi, et al., No. 11-cv-06275:

Office Depot, Inc. v. Hitachi, Ltd., et al.,
No. 11-cv-06276:

CompuCom Systems, Inc. v. Hitachi, Ltd. et al.,
No. 11-cv-06396:

Costco Wholesale Corporation v. Hitachi, Ltd., et al. No. 11-cv-06397:

P.C. Richard & Son Long Island Corporation, et al v. Hitachi Ltd. et al. No. 12-cv-02648:

**[PROPOSED] ORDER GRANTING
THE TOSHIBA DEFENDANTS'
NOTICE OF MOTION AND
MOTION FOR SUMMARY
JUDGMENT CONCERNING
WITHDRAWAL**

[PROPOSED] ORDER GRANTING THE TOSHIBA DEFENDANTS' NOTICE OF MOTION
AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944-SC
MDL No. 1917

White & Case LLP
7701 Thirteenth Street, NW
Washington, DC 20005

1 *Schultze Agency Services, LLC v. Hitachi, Ltd.,*
2 *et al.*, No. 12-cv-02649;

3 *Tech Data Corporation, et al. v. Hitachi, Ltd.,*
4 *et al.*, No. 13-cv-00157;

5 *Sharp Electronics Corp., et al. v. Hitachi, Ltd.,*
6 *et al.*, No. 13-cv-01173;

7 *ViewSonic Corporation, v. Chunghwa Picture*
8 *Tubes, Ltd., et al.*, No. 3:14cv-02510.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

[PROPOSED] ORDER GRANTING THE TOSHIBA DEFENDANTS' NOTICE OF MOTION
AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944 SC

MDL No. 1917

Upon consideration of the Toshiba Defendants' Notice of Motion and Motion for Summary Judgment Concerning Withdrawal, and any responses and replies thereto, it is hereby:

ORDERED that the motion is GRANTED; and it is further

ORDERED that all of the plaintiffs' Sherman Act claims as they pertain to the Toshiba Defendants are dismissed with prejudice; and it is further

ORDERED that all of the plaintiffs' state claims as they pertain to the Toshiba Defendants, with the exception of the Vermont state claims brought by the Indirect Purchaser Plaintiffs ("IPPs") and the Wisconsin state claims brought by the IPPs and Sears Roebuck and Co. and Kmart Corp. ("Sears/Kmart"), are dismissed with prejudice; and it is further

ORDERED that, with respect to the Vermont state claims brought by the IPPs and the Wisconsin state claims brought by the IPPs and Sears/Kmart, the Toshiba Defendants are not subject to joint and several liability for any illegal conduct that occurred after March 31, 2003.

IT IS SO ORDERED.

Dated:

HONORABLE SAMUEL CONTI
UNITED STATES DISTRICT JUDGE

[PROPOSED] ORDER GRANTING THE TOSHIBA DEFENDANTS' NOTICE OF MOTION

AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944-SC

MDL No. 1917

1 Christopher M. Curran (*pro hac vice*)

2 ccurran@whitecase.com

3 Lucius B. Lau (*pro hac vice*)

4 alau@whitecase.com

5 Dana E. Foster (*pro hac vice*)

6 defoster@whitecase.com

7 White & Case LLP

8 701 Thirteenth Street, N.W.

9 Washington, DC 20005

10 Telephone: (202) 626-3600

11 Facsimile: (202) 639-9355

12 *Counsel to Defendants Toshiba Corporation,*

13 *Toshiba America, Inc.,*

14 *Toshiba America Consumer Products, LLC,*

15 *Toshiba America Information Systems, Inc.,*

16 *and Toshiba America Electronic Components, Inc.*

17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA
19 (SAN FRANCISCO DIVISION)

20 IN RE: CATHODE RAY TUBE (CRT)
21 ANTITRUST LITIGATION

22 Case No. 07-5944 SC
23 MDL No. 1917

24 This Document Relates To:

25 *The Indirect Purchaser Action*

26 *Electrograph Systems, Inc. et al. v. Hitachi,*
27 *Ltd. et al.,* No. 11-cv-01656;

28 *Siegel v. Hitachi, Ltd., et al.,*
29 No. 11-cv-05502;

30 *Best Buy Co., Inc., et al. v. Hitachi, Ltd., et al.,*
31 No. 11-cv-05513;

32 **DECLARATION OF
33 LUCIUS B. LAU IN SUPPORT OF
34 THE TOSHIBA DEFENDANTS'
35 NOTICE OF MOTION AND
36 MOTION FOR SUMMARY
37 JUDGMENT CONCERNING
38 WITHDRAWAL**

39 DECLARATION OF LUCIUS B. LAU IN SUPPORT OF THE TOSHIBA DEFENDANTS' NOTICE
40 OF MOTION AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

41 Case No. 07-5944-SC

42 MDL No. 1917

1 *Target Corp., et al. v. Chunghwa Picture*
2 *Tubes, Ltd., et al.*, No. 11-cv-05514;

3 *Sears, Roebuck and Co., et al. v. Chunghwa*
4 *Picture Tubes, Ltd., et al.*, No. 11-cv-05514;

5 *Interbond Corporation of America v. Hitachi, et*
6 *al.*, No. 11-cv-06275;

7 *Office Depot, Inc. v. Hitachi, Ltd., et al.*,
8 No. 11-cv-06276;

9 *CompuCom Systems, Inc. v. Hitachi, Ltd. et al.*,
10 No. 11-cv-06396;

11 *Costco Wholesale Corporation v. Hitachi, Ltd.*,
12 *et al.*, No. 11-cv-06397;

13 *P.C. Richard & Son Long Island Corporation,*
14 *et al. v. Hitachi, Ltd., et al.*, No. 12-cv-02648;

15 *Schultze Agency Services, LLC v. Hitachi, Ltd.*,
16 *et al.*, No. 12-cv-02649;

17 *Tech Data Corporation, et al. v. Hitachi, Ltd.*,
18 *et al.*, No. 13-cv-00157;

19 *Sharp Electronics Corp., et al. v. Hitachi, Ltd.*,
20 *et al.*, No. 13-cv-01173;

21 *ViewSonic Corporation, v. Chunghwa Picture*
22 *Tubes, Ltd., et al.*, No. 3:14cv-02510

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005

1 I, Lucius B. Lau, hereby declare as follows:

2 1. I am an attorney with the law firm of White & Case LLP, counsel for
3 Defendants Toshiba Corporation, Toshiba America, Inc., Toshiba America Consumer
4 Products, LLC, Toshiba America Information Systems, Inc., and Toshiba America Electronic
5 Components, Inc. (collectively, the “Toshiba Defendants”).

6 2. I submit this declaration in support of the Toshiba Defendants’ Notice of
7 Motion and Motion for Summary Judgment Concerning Withdrawal, filed
8 contemporaneously herewith. I have personal knowledge of the facts stated herein, and I
9 could and would competently testify thereto if called as a witness.

10 3. Attached hereto as Exhibit A is a true and correct copy of a press release
11 issued by Toshiba Corporation, dated September 26, 2002.

12 4. Attached hereto as Exhibit B is a true and correct copy of a press release
13 issued by Toshiba Corporation, dated January 29, 2003.

14 5. Attached hereto as Exhibit C is a true and correct copy of a document
15 produced in this litigation by Matsushita Toshiba Picture Display Co., Ltd. bearing the Bates
16 numbers MTPDA_SEC-0225499 through MTPDA_SEC-0225587.

17 6. Attached hereto as Exhibit D is a true and correct copy of Toshiba
18 Corporation’s Objections and Responses to Indirect-Purchaser Plaintiffs’ First Set of
19 Interrogatories to Defendants, dated September 5, 2014.

20 7. Attached hereto as Exhibit E is a true and correct copy of the Declaration of
21 Mio Tamba, dated November 7, 2014.

22 8. Attached hereto as Exhibit F is a true and correct copy of excerpts from the
23 transcript of the Rule 30(b)(6) deposition of Toshiba Corporation (Mio Tamba), dated
24 September 24, 2014.

25 9. Attached hereto as Exhibit G is a true and correct copy of a document
26 produced in this litigation by Toshiba Corporation bearing the Bates numbers TSB-CRT-
27 00026162 through TSB-CRT-00026180.

28
DECLARATION OF LUCIUS B. LAU IN SUPPORT OF THE TOSHIBA DEFENDANTS’ NOTICE
OF MOTION AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944-SC
MDL No. 1917

1 10. Attached hereto as Exhibit H is a true and correct copy of excerpts from the
2 transcript of the Rule 30(b)(6) deposition of Toshiba Corporation (Koji Kurosawa), dated July
3 30, 2012.

4 11. Attached hereto as Exhibit I is a true and correct copy of excerpts from the
5 rough transcript of the deposition of Tomoyuki Kawano, dated October 27, 2014.

6 12. Attached hereto as Exhibit J is a true and correct copy of a press release issued
7 by Toshiba Corporation, dated March 28, 2003.

8 13. Attached hereto as Exhibit K is a true and correct copy of Toshiba
9 Corporation's 2003 Annual Report.

10 14. Attached hereto as Exhibit L is a true and correct copy of a document
11 produced in this litigation by Hitachi Electronics Devices (USA) Inc. bearing the Bates
12 numbers HEDUS-CRT00007154 through HEDUS-CRT00007155.

13 15. Attached hereto as Exhibit M is a true and correct copy of an article from
14 Twice Magazine titled, "Matsushita, Toshiba Advances CRT Joint Venture" dated March 28,
15 2003.

16 16. Attached hereto as Exhibit N is a list of statutes of limitation applicable to the
17 Plaintiffs' state-law claims.

18 I declare under penalty of perjury under the laws of the United States of America that
19 the foregoing is true and correct.

20

21

22

Executed this 7th day of November, 2014, in Washington, D.C.

23

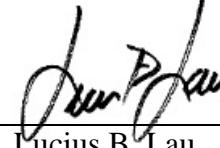
24

25

26

27

28



Lucius B. Lau

DECLARATION OF LUCIUS B. LAU IN SUPPORT OF THE TOSHIBA DEFENDANTS' NOTICE
OF MOTION AND MOTION FOR SUMMARY JUDGMENT CONCERNING WITHDRAWAL

Case No. 07-5944-SC

MDL No. 1917

EXHIBIT A

[Latest releases](#) | [Search by month](#) | [Search by subject](#)

Matsushita and Toshiba to Consolidate CRT Business

26 September, 2002

Matsushita Electric Industrial Co., Ltd.
Toshiba Corporation

Osaka, Japan--Matsushita Electric Industrial Co., Ltd. and Toshiba Corporation today announced that they agreed to consolidate their cathode ray tube (CRT) business into a single joint venture company. Plans call for setting a company in January 2003 to work on incorporating the new joint venture company at earliest possible date within their current fiscal year ending March 31, 2003. The joint venture will be headquartered in Osaka, with 60% owned by Matsushita and 40% by Toshiba.

The business integration will involve product development, manufacturing, and sales operations, making the new company the world's third largest CRT company, based on the two companies' combined sales turnover in the fiscal year ended March 31, 2002. The new company, whose name is yet to be decided, will have some 16,000 employees worldwide. Its sales projection is approximately 270 billion yen for the fiscal year ending March 2003.

Despite intense competition from other display devices such as LCDs and PDPs, the global CRT market for TV use is still expected to grow by 2 to 3 percent annually on a quantity basis, due to CRT displays' technical advantages in such areas as brightness, color reproducibility, and cost-performance, especially for digital and high resolution TVs.

By making optimum use of the synergies and efficiency enhancement expected from unification, the new company aims to withstand the competition and assume a leading position in the global CRT market.

The popularization of digital broadcasting will heighten the necessity to improve the image quality of display devices. The joint venture will differentiate itself through its cutting edge technology, providing high-quality images through the integration of the two companies' technologies. These include Matsushita's Super Slot Tension mask technology, which helps form uniformly high-quality images and is ideal for large-sized flat screen picture tubes for digital TV receivers, and Toshiba's Microfilter technology, which increases the brightness and contrast of the CRT.

The joint venture also brings together the product development capabilities and manufacturing technologies of Matsushita and Toshiba. It will boost its competitiveness in the global CRT market by sharing and standardizing design methods and manufacturing processes.

Matsushita and Toshiba plan to integrate their CRT business operations, including research and development, manufacturing, and sales. The integration will cover both companies' manufacturing operations worldwide, except for those in Japan where the parent companies will continue to run their respective factories. They include Matsushita's factories in China, the

United States, Germany, and Malaysia, and Toshiba's factories in the United States, Thailand, and Indonesia. The new company will also take over as its wholly owned subsidiary MT Display Procurement Co., Ltd., a joint procurement company established with equal ownership by the two parent companies on April 15, 2002.

Media Contacts:

Matsushita Electric Industrial Co., Ltd.
Yasuhiro Fukagawa, Corp. Comm. Div.
Tel: +81-3-3578-1237, Fax: +81-3-3437-2776
Email: yfukagaw@hqs.mei.co.jp

Toshiba Corporation
Kenichi Sugiyama, Int'l Media Relations
Tel: +81-3-3457-2105, Fax: +81-3-5444-9202
Email: kenichi.sugiyama@toshiba.co.jp

Information in the press releases, including product prices and specifications, content of services and contact information, is current on the date of the press announcement, but is subject to change without prior notice.

EXHIBIT B

[Latest releases](#) | [Search by month](#) | [Search by subject](#)

Matsushita and Toshiba Announce Outline of New CRT Joint Venture

29 January, 2003

Matsushita Electric Industrial Co., Ltd.
Toshiba Corporation

Osaka, Japan-- Matsushita Electric Industrial Co., Ltd. and Toshiba Corporation today announced that their joint venture Matsushita Toshiba Picture Display Co., Ltd. would start operation on April 1, 2003.

Mr. Minoru Ueda, currently General Manager of Matsushita's CRT (cathode ray tube) Business Integration Office, is to be named president of the joint venture.

Based on a September 26, 2002 basic agreement between Matsushita and Toshiba, the new company will integrate both companies' CRT operations from R&D to manufacturing and sales, making it the world's third largest CRT company.

The integration will cover both companies' manufacturing operations worldwide, except for those in Japan where the parent companies will continue to run their respective factories.

Company Outline

Company Name	Matsushita Toshiba Picture Display Co., Ltd.
Start of Business	April 1, 2003
Headquarters	Takatsuki City, Osaka
President	Minoru Ueda, currently General Manager of Matsushita's CRT Business Integration Office
Senior Executive Vice President	Eisaburo Hamano, currently Corporate Vice President of Toshiba, and General Manager of CRT J & V Project
Capital	10 billion yen
Shareholders	Matsushita 64.5%; Toshiba 35.5%
Global Sales	Approximately 300 billion-yen forecast for fiscal year 2003
Employees	15,700 worldwide
Business	Development, manufacture and sales of CRT's

Contacts

Matsushita Electric Industrial Co., Ltd.
Yasuhiro Fukagawa, Corporate Communications Division

Tel: +81-3-3578-1237, Fax: +81-3-3437-2776

Toshiba Corporation

Midori Suzuki, Corporate Communications Office

Tel: +81-3-3457-2105, Fax: +81-3-5444-9202

Email: press@toshiba.co.jp

Information in the press releases, including product prices and specifications, content of services and contact information, is current on the date of the press announcement, but is subject to change without prior notice.

 [Press Releases](#)
[Top Page](#)

Copyright© 1995-2008 TOSHIBA CORPORATION, All Rights Reserved.

EXHIBIT C
Filed Under Seal

EXHIBIT D
Filed Under Seal

EXHIBIT E

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
(SAN FRANCISCO DIVISION)

IN RE: CATHODE RAY TUBE (CRT)
ANTITRUST LITIGATION

Case No. 07-5944 SC
MDL No. 1917

This Document Relates to:

DECLARATION OF MIO TAMBA

ALL ACTIONS

I, MIO TAMBA, declare as follows:

1. I am an employee of Toshiba Corporation, where I was first employed in 1987. I have personal knowledge of the facts set forth herein, including knowledge gained from my review of corporate books and records. If called upon, I could and would testify under oath concerning the matters discussed in this declaration. I have already had my deposition taken in these actions.

2. As part of my employment at Toshiba Corporation, I had responsibilities related to the transfer of CRT business units and assets into a new company named Matsushita Toshiba Picture Display Co., Ltd. ("MTPD").

3. Toshiba Corporation transferred these business units and assets to MTPD on March 31, 2003.

4. Toshiba Corporation owned a minority interest of 35.5% in MTPD until March 30, 2007, when Toshiba Corporation sold the entirety of its minority interest to Matsushita Electric Industrial Co., Ltd. for the nominal sum of ¥1.

5. As part of my employment of Toshiba Corporation, I had responsibilities for monitoring Toshiba Corporation's minority interest in MTPD.

6. Toshiba Corporation had no role in the day-to-day operations of MTPD.

**DECLARATION OF MIO TAMBA
Case No. 07-5944 SC
MDL No. 1917**

7. Toshiba Corporation never exercised any veto rights related to the operations of MTPD.

8. At no time did Toshiba Corporation ever receive any dividend payment or any other distribution related to its minority interest in MTPD.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

7 Executed this 7 day of November, 2014, at Tokyo, Japan.

By: Mio Tamba
Mio Tamba

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005

DECLARATION OF MIO TAMBA
Case No. 07-5944 SC
MDL No. 1917

EXHIBIT F
Filed Under Seal

EXHIBIT G
Filed Under Seal

EXHIBIT H
Filed Under Seal

EXHIBIT I
Filed Under Seal

EXHIBIT J



PRINT THIS

Matsushita and Toshiba to Launch North American Operations of New CRT Joint Venture - New Company to Become Leading Large-Screen CRT Manufacturer in N. America

TROY, Ohio and HORSEHEADS, N.Y., March 28 /PRNewswire-FirstCall/ -- Matsushita Display Devices Corporation of America and Toshiba Display Devices Inc. -- two leading cathode ray tube (CRT) manufacturers located in Troy, Ohio and Horseheads, New York -- this month will become part of a recently-formed CRT joint venture company, Matsushita Toshiba Picture Display Co., Ltd.

The new joint venture, announced last Fall by Matsushita Electric Industrial Co., Ltd. and Toshiba Corporation, will integrate global CRT operations of the two companies, including R&D, manufacturing, and sales, making it the world's third largest CRT company. The new company will employ over 15,700 people worldwide, and becomes the largest manufacturer of 32" and 36" CRT products in North America. Matsushita will own 64.5% of the joint venture while Toshiba will own 35.5%. Mr. Minoru Ueda from Matsushita has been named President of the new company. Toshiba Corporate Vice President, Mr. Eisaburo Hamano, has been named as the Joint Venture's Vice President.

Mr. Masayuki (Mike) Nakamoto will direct the North American Operations of the joint venture, which includes manufacturing facilities in Troy, Ohio and Horseheads, NY, as well as sales offices in Chicago, IL and San Diego, CA. Mr. Shigekazu Shibata will continue as President and CEO of Toshiba Display Devices Inc. in Horseheads, NY.

The Troy facility began production in 1988 as American Matsushita Electronics Corporation, which, through successive corporate changes, became Matsushita Display Devices Corporation of America, a subsidiary of Matsushita Electric Industrial Co., Ltd., in January, 2003. Employing over 1,350 employees, the facility has experienced continuous growth over the past five years, adding state-of-the-art manufacturing facilities exceeding \$250 million dollars in capital investments. The Troy Facility has 5 manufacturing lines and a capacity to produce 6,000,000 CRTs annually.

The Horseheads, NY manufacturing facility, Toshiba Display Devices Inc. (TDD), is also a state of the art facility that has made capital investments in excess of \$150 million dollars over the last five years. The Horseheads plant began production in 1986 as part of a Joint Venture with Westinghouse. In 1989, Toshiba purchased sole ownership. Today, TDD employs more than 1,150

employees in the production of very large screen television tubes. TDD is the leading supplier of flat screen 32" and 36" picture tubes in all of North America.

"This new venture draws on the strengths of two leading electronics companies -- Matsushita, best known for its Panasonic brand, and Toshiba -- to build a new force in the global market," noted Matsushita Toshiba Picture Display Co., Ltd. Director, Mike Nakamoto. "Together, with our excellent combined workforce and proven results, we will continue to evolve and answer the growing global demand for super-large flat tubes and projection tubes for digital and high-definition broadcasting."

Asked about what changes can be expected from the joint venture, TDD President and CEO, Shigekazu Shibata replied, "We will look for ways to leverage our management and employee resources into becoming the number one CRT producer in North America. We expect to be able to do this by strengthening our cost competitiveness through standardization of products and design. We will also be able to compare processes and procedures in an effort to develop best practices at each of our facilities. This Joint Venture is an important step in our evolution."

About Matsushita Electric Industrial Co., Ltd.

Matsushita Electric Industrial Co., Ltd., best known for its Panasonic, National, Technics, and Quasar brand names, is a worldwide leader in the development and manufacture of electronics products for a wide range of consumer, business, and industrial needs. Based in Osaka, Japan, the company recorded consolidated sales of US\$51.70 billion for the fiscal year ended March 31, 2002. In addition to the Tokyo and other Japanese stock exchanges, Matsushita's shares are also listed on the Amsterdam, Dusseldorf, Frankfurt, New York (NYSE: MC), Pacific, and Paris stock exchanges. For more information, please visit the Matsushita web site at <http://www.panasonic.co.jp/global/top.html>

About Toshiba

Toshiba, a world leader in high technology, is a diversified manufacturer and marketer of advanced electronic and electrical products, spanning information & communications equipment and systems, internet-based solutions and services, electronic components and materials, power systems, industrial and social infrastructure systems, and household appliances. Based in Tokyo, Japan, the company recorded consolidated sales of US\$41.50 billion for the fiscal year ended March 31, 2002. For more information, please visit the Toshiba web site at <http://www.toshiba.co.jp/index.htm>

SOURCE Matsushita; Toshiba

Find this article at:

<http://www.prnewswire.com/news-releases/matsushita-and-toshiba-to-launch-north-american-operations-of-new-crt-joint-venture---new-company-to-become-leading-large-screen-crt-manufacturer-in-n-america-74790342.html>

Check the box to include the list of links referenced in the article.

EXHIBIT K

TOSHIBA

For Anyone



Anytime



Anywhere



Communication Comes Alive

ANNUAL REPORT 2003

Year ended March 31, 2003

Basic Commitment of the TOSHIBA Group

We, the Toshiba Group of companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.

Commitment to People

We endeavor to serve the needs of all people, especially our customers, shareholders, and employees, by implementing forward-looking corporate strategies while carrying out responsible and responsive business activities. As good corporate citizens, we actively contribute to further the goals of society.

Commitment to the Future

By continually developing innovative technologies centering on the fields of Electronics and Energy, we strive to create products and services that enhance human life, and which lead to a thriving, healthy society. We constantly seek new approaches that help realize the goals of the world community, including ways to improve the global environment.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements concerning Toshiba's future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on economic, financial and competitive data currently available. Furthermore, they are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Toshiba therefore wishes to caution readers that actual results may differ materially from our expectations.

TABLE OF CONTENTS

P3-6**To Our Shareholders****A Confident Step toward
Earnings Recovery****P7-9****Growth Policies that Make Toshiba a Winner****Becoming a Highly Profitable Group with
Growth Potential and Earnings Stability****P10-11****Corporate Governance****P12-13****At a Glance****Leveraging Optimal Business Models
to Accelerate Growth under
Competitive Conditions****P14-17****A View to the Future****Toshiba's Growth
Business Domains****P18-19****Expansion in China, the Growth Market****P20-21****Research and Development****Advancing R&D to
Create a New Future****P22-23****Toward Sustainable Development and a Recycling-Based Society****Toward a Sustainable Recycling-Based Society****P24-25**

Directors & Officers

P26-55

Financial Section

P56-57

Organization Chart

P58-59

Global Network

P60

Consolidated Subsidiaries

P61

Investor Reference

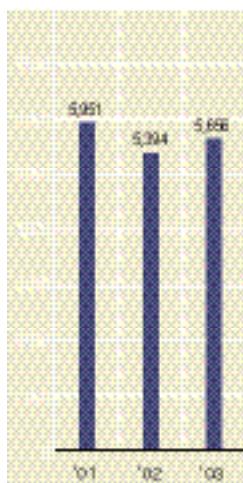
FINANCIAL HIGHLIGHTS

Toshiba Corporation and its subsidiaries
Years ended March 31, 2003 and 2002

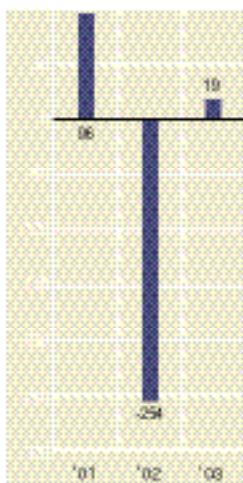
	Millions of yen		Change (%)	Thousands of U.S. dollars
	2003	2002		
Net sales—Japan	¥3,343,551	¥3,340,491	0.1	\$27,862,925
—Overseas	2,312,227	2,053,542	12.6	19,268,558
Net sales	5,655,778	5,394,033	4.9	47,131,483
Operating income (loss)	115,542	(113,575)	—	962,850
Income (loss) before income taxes and minority interest	53,123	(376,687)	—	442,692
Net income (loss)	18,503	(254,017)	—	154,192
Total assets	5,238,936	5,407,782	(3.1)	43,657,800
Shareholders' equity	571,064	705,314	(19.0)	4,758,867
Capital expenditures (property, plant and equipment)	230,512	348,235	(33.8)	1,920,933
Research and development expenditures	331,494	326,170	1.6	2,762,450
Return on equity (ROE) (%)	2.9	(29.0)	—	—
Return on total assets (ROA) (%)	0.3	(4.6)	—	—
Per share of common stock:		Yen	U.S. dollars	
Net income (loss)	¥5.75	¥(78.91)	—	\$0.048
—basic	5.75	(78.91)	—	0.048
—diluted	3.00	—	—	0.025
Cash dividends	165,776	176,398	(6.0)	—
Number of employees	165,776	176,398	(6.0)	—

Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥120=U.S. \$1.
 2. Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share assumes the dilution that would occur if dilutive convertible debentures were converted into common stock.

NET SALES
(Billions of yen)



NET INCOME (LOSS)
(Billions of yen)



ROE
(%)



ROA
(%)



TO OUR SHAREHOLDERS



**Tadashi
Okamura**
Director,
President and
Chief Executive Officer

An Overview of Fiscal 2002

Industry Environment

Fiscal 2002, to March 31, 2003, opened on a positive note, as the world's markets saw encouraging signs of recovery in the United States, and inventory adjustments contributed to an upturn in production. However, hopes for a moderate but sustainable global recovery proved short-lived. Overseas, geopolitical instability provoked doubt and a change of mood. In the U.S., the stock market declined as petroleum prices edged up, and individual consumption stagnated as concerns for property values undermined consumer confidence. In Europe, markets once again became sluggish. The only bright spots and expanding markets were to be found in China and other Asian countries that have become the workshops of the world. But the appearance of Severe Acute Respiratory Syndrome (SARS) in those countries raises questions about the economic impact of the illness, and how affected regions can maintain high growth. While Japan experienced substantial growth, due to the economic conditions in other Asian countries and a focus on recovery in export-led industries, domestic deflation combined with a long-term slump in private-sector capital investment and public spending to produce a negative nominal growth rate. Japan continues to experience severe setbacks in its transition to recovery.

Progress of the 01 Action Plan

Even in the midst of these severe economic conditions, we declared fiscal 2002 to be "The First Year of Toshiba's Regeneration" and took decisive steps to strengthen competitiveness. Chief amongst these steps was accelerated execution of our 01 Action Plan—a three-year initiative announced in fiscal 2001—to bring forward the positive results we targeted. The Plan has supported us in raising management efficiency across the Group, promoting asset-light management and developing a clear focus on selected businesses. Achievements of the 01 Action Plan include a 20% reduction in procurement

over two years, a Group-wide reduction of human resources by 10%, and ¥800 billion asset cuts.

Drawing on Toshiba Value Created (TVC), a methodology we created for evaluating business performance, we initiated a series of restructuring measures in fiscal 2002. Among these were a joint venture with Matsushita Electric Industrial Co., Ltd. in color cathode ray tubes, and the merger of our industrial electric and automation systems businesses with that of Mitsubishi Electric Corporation. Continued competitiveness in the semiconductor industry was bolstered by the decision to initiate a four-year, ¥350 billion investment program to construct advanced fabrication facilities that will put 300 millimeter wafer lines at the center of Toshiba's production of memory devices and system LSIs. In a move made to enhance the brand value of our digital products businesses, Toshiba acquired Amuse Pictures, Inc., one of Japan's leading independent film producers and distributors.

As we worked for our ambitious goal of cutting procurement costs by 20% over two years, we also saw progress in Group-wide integration of procurement and in bringing engineers into procurement activities. These and other measures, including a greater emphasis on e-procurement, are expected to promote cost reductions in all aspects of our activities and add to the competitiveness of Toshiba products.

Our efforts to reduce human resources were rewarded when we met our headcount target in fiscal 2002, a year earlier than planned. We were also successful in efforts to reduce assets by ¥450 billion, in addition to the ¥350 billion originally planned.

Achievements in Fiscal 2002

Consolidated Group sales in fiscal 2002 were ¥5,655.8 billion, a 5% increase compared to fiscal 2001. Operating income amounted to ¥115.5 billion, an increase of ¥229.1 billion over fiscal 2001. Income before taxes totaled ¥53.1 billion, an increase of ¥429.8 billion against fiscal 2001. These results took us a steady step forward toward recovery, and allowed us to pay a three-yen full-term dividend.

Mid-term Business Plan

This year marks the launch of our latest mid-term business plan, which builds on our achievements in fiscal 2002 and represents our expectations for the years after fiscal 2003.

We are at the threshold of a new age, an age of ubiquitous computing. In coming years, immense processing capabilities and powerful broadband networks will support the creation

of products and services that remake our work and living environments. The changes to come will range wide and deep, extending beyond the office, beyond the home, into areas such as administration and medical services, into pleasure and entertainment, and into the fabric of society. The developments we will see will add to the quality of life while respecting the earth and our natural environment.

Toshiba is ready to play a central, proactive role in the shift to ubiquitous computing networks, both through its advanced technologies and long years of experience in bringing to market high-value-added products. Times of social transition are also those of opportunity, and we will make use of all opportunities to assure that Toshiba Group becomes a highly profitable business across its business domains.

Within Toshiba Group, we have defined three key business areas, to which we will channel management resources. Digital products and electronic devices are areas where we anticipate high growth and high profitability, and see rapid progress to a top-three position in world markets. In our social infrastructure domain, we anticipate steady growth, sustained profits, and business expansion.

The digital products domain encompasses diverse strength in PCs, mobile products, storage devices, visual imaging and wireless technology. Toshiba's portable PCs lead the industry and constantly redefine performance standards. Our mobile phones do the same with advanced video imaging. We are a market leader in small-form-factor hard disk drives and in optical storage, both areas where we are defining new applications. Toshiba's wireless know-how includes leadership in creating the Bluetooth™ standard. And we lead the way in DVD and digital TV. These capabilities will come into play with growing demand for mobile products with wireless functionality.

The electronic devices domain covers semiconductors and liquid crystal displays (LCDs). Our continuing world leadership in discrete devices demonstrates Toshiba's formidable strength in semiconductors, as do our sustained profits in analog devices and NAND flash

memories. Alongside these, we will continue to develop the system-on-chip (SoC) business that is positioning Toshiba as a solutions provider and that will help assure our place among the world's top-three semiconductor makers. In LCDs, we will combine innovation in new generations of displays with support for new applications.

The social infrastructure domain includes power systems, social systems, communications, solutions and medical equipment. While rooted in hardware, this is also a domain where the development of new services holds the promise of steady profit. The same is true of such emerging business areas as the environment, and new markets, where we are bringing products and services developed for Japan to Asian markets and beyond to the wider global stage.

Along with these growth domains, Toshiba considers home appliances and network services and content as important business areas where it will promote reorganization and expansion. Under the umbrella of a new marketing company, our businesses related to home appliances will adopt new marketing structures and move more proactively into overseas markets. By combining our network service capabilities, including the Web-based services we have marketed to individuals, we will support the continued emergence of the virtual economy through digital broadcasting systems and services and content, including digital images and music.

In fiscal 2005, the final year of the current mid-term business plan, Toshiba anticipates dynamic Group operations and a strong profit structure. The Company targets consolidated sales of ¥6,600 billion, operating income of over ¥270 billion, and an enhanced financial standing, with a debt-to-equity ratio of less than 160%.

Structural Reform

The earliest realization of goals laid out in the 01 Action Plan will be supported by a series of structural reforms initiated in April 2003.

Building a Platform Consistently High

Business Reorganization

As the business environment becomes ever more demanding and less forgiving, Toshiba is determined to devise an operational framework that provides management direction for the overall Group, while supporting individual businesses facing different circumstances and different requirements. A comprehensive review of our operations has made it clear that the time constraints, business cycles and particular demands that our in-house companies face are growing increasingly diverse. In response, we have adopted a four-fold approach to reorganization: the integration of in-house companies with Group companies, complete autonomy where it will enhance efficiency, full independence to pursue alliances and collaboration with other companies, and freedom to adopt a particular management style or organization to reinforce strength and operations.

As a result of this approach, the Display Devices & Components Company, e-Solutions Company, Medical Systems Company and Home Appliances Company have all been spun off and integrated with Group companies, and are now developing new operating structures.

Introducing Business Groups

As already noted, Toshiba needs an organization that provides a clear direction. To that we must add the need for faster, more resolute decision-making. In pursuit of this, our structural reforms include the establishment of business groups that bring together those operations with similar time constraints and growth rates. Each group comprises several in-house companies and Group companies, and will develop the management approach best suited to its businesses.

As a result of the above measures, the pace of management decision-making will be significantly accelerated and the management



m for
Earnings

resources available to each business group will be directed to the areas where they can have the biggest impact.

Becoming a Company with Committees

In recent years, we have rolled out significant reforms. In 1998, we introduced an executive officer system, and in 1999 we initiated an in-house company system. A year later, we established the Nomination and Compensation Committees, and in June 2001 we increased the number of external directors to three, while lowering the tenure period of each director to one year. Through these measures, we anticipated changes in the wider world and assured Toshiba's place in the vanguard of reform.

We remain there today through our decision to make Toshiba a "Company with Committees." Adoption of this new system allows us to take reform even further, as it defines a clear supervisory function for the Board of Directors and enhances management authority and flexibility. As we promote these measures to improve transparency and corporate governance, we are also reinforcing our risk management and compliance systems.

Developments for Fiscal 2003

Pursuing Further Growth

Forecasts for fiscal 2003 show no easing in the severity of the business environment. If Toshiba Group is going to overcome these conditions and achieve further growth, it must continue to rebuild and to reinforce its operating structures. We must also utilize our technological assets, production strengths and business acumen to stimulate new demand, and to assure that the positive results we recorded in fiscal 2002 are the foundations for sustained growth and higher profit in fiscal 2003.

Toward that objective, we will make every effort to promote business development, particularly through investments in our high-growth domains, the foundation for creating new demand.



Another way in which Toshiba will progress toward growth is through evolutionary improvements in its culture and business practices. One area where this is particularly important is our "TM1 Movement," or "Time to Market No. 1." This program is dedicated to cutting lead times at every stage of product development and manufacture, from the planning process through to customers. To realize our goal of a market-centric approach to management, we are doing all we can to remove barriers between product development, procurement, production, distribution and sales and marketing, while raising efficiency in each of these activities. This will assure our ability to cut lead times and launch differentiated products in advance of other companies.

Management Forecast for Fiscal 2003

In fiscal 2003, to March 31, 2004, Toshiba forecasts a 1% increase against fiscal 2002 in consolidated net sales, to ¥5,700 billion. Operating income is projected to rise ¥54.5 billion, to ¥170 billion. We anticipate an increase of ¥36.9 billion in net income before taxes, to ¥90 billion, and a gain of ¥21.5 billion in net income, to ¥40 billion.

Closing Remarks

In 128 years of operations, Toshiba and Toshiba Group have won a vast number of customers, built up an abundance of technological know-how and assets, and developed a brand name that has become a byword for high quality and trustworthy products. That is our heritage, and the base from which we will work to create new value that meets the needs and expectations of our customers around the world. Through our efforts, we will open a new chapter in Toshiba's history, and assure a dynamic Toshiba Group that contributes to society.

We will continue to adhere to our slogan, "Innovation-driven, Customer-focused Growth," and to build a highly profitable group of companies that is active in both high-growth and stable-growth businesses. As we do so, we hope we may rely on your continued understanding and support.

Taizo Nishimuro
Chairman of the Board

Tadashi Okamura
Director,
President and Chief Executive Officer

Three Major Domains



Aiming to be a Highly Profitable Corporate Group
that Offers Stability and Growth Potential

Vision and Direction

Major Business Domains

Goals for Fiscal 2005

Policies toward Growth

TM1: Compressed Lead Times

**For Anyone
Anytime
Anywhere
Communication Comes Alive**

GROWTH POLICIES THAT MAKE TOSHIBA A WINNER

Management innovation and maximization of management resources will support Toshiba as it promotes forward-looking reforms. Through this approach, we will reach a balance in our high-growth and stable-growth domains and take our place among other high-profit companies.

Vision and Direction

Low growth around the world has gradually given way to the current state of global stagnation. Seeking opportunity in adversity, Toshiba has used its 01 Action Plan to promote concerted efforts to boost profitability and to improve its financial position. Launched in fiscal 2001, the Plan has fostered vigorous reforms in Toshiba's business structure, achieved significant reductions in procurement and fixed costs, and supported an "asset-light" strategy that has trimmed property and other assets.

Major Business Domains

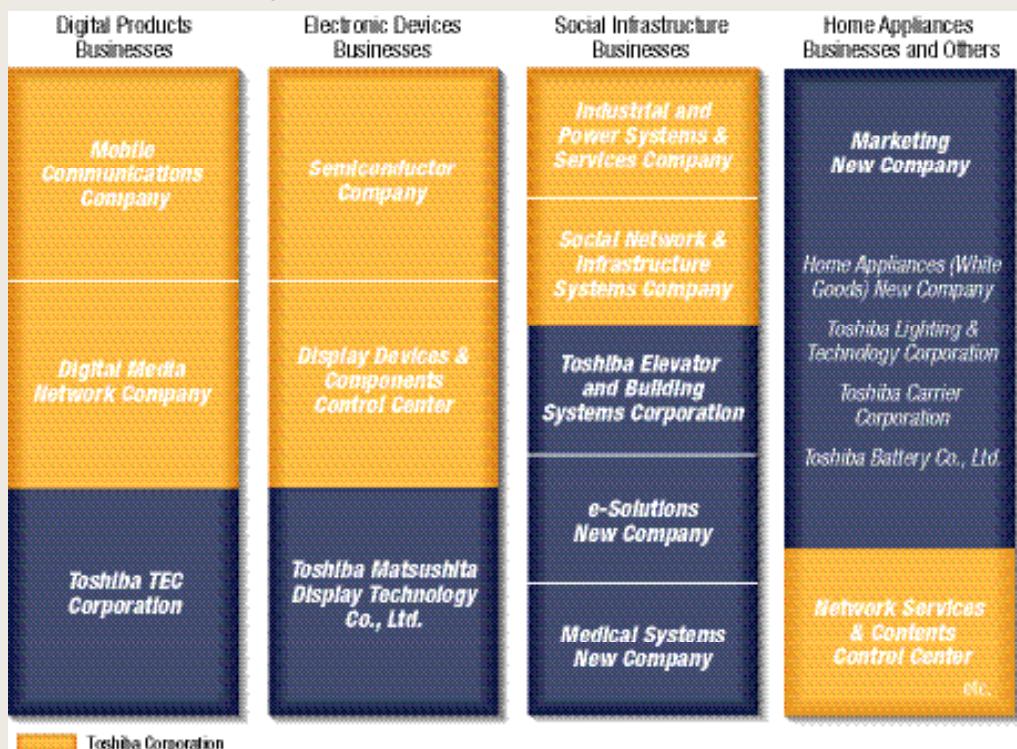
Our recent mid-term business plan defines three key business domains. The digital

products and electronic devices domains are both high-growth areas; the first as a source of the products of tomorrow, the second of the key technologies that help to realize them. In the social infrastructure domain, we expect to see continued stable growth. Toshiba will promote expansion in all of these domains by channeling management resources into them, particularly the high-growth domains.

Goals for Fiscal 2005

Our goal in digital products and electronic devices is clear: a top-three position in terms of sales in the world market in key product areas. We will achieve this through growth rates that surpass those of the market, with the expectation of achieving

October 2003 Business Reorganization



average annual sales growth of 8% and of realizing ¥180 billion in combined operating income from these two domains in fiscal 2005.

In the social infrastructure domain, our target is operating income of ¥70 billion in fiscal 2005, which we expect to achieve even if the average sales increase is as low as 2% a year.

In all three of these core domains, we expect overseas sales to account for 50% of net sales in fiscal 2005, up 10% from the fiscal year under review.

Through the 01 Action Plan and our new mid-term business plan, we expect consolidated net sales to increase to ¥6,600 billion by fiscal 2005, and project operating income of at least ¥270 billion. We also expect to reduce the debt-to-equity ratio to less than 160%.

Policies toward Growth

The direction technology will take in coming years is strongly in Toshiba's favor. Industry-leading know-how in the digital, mobile and network areas will sustain us in developing innovative technologies, as growth engines for products that will drive the creation of promising new markets. Our strengths include rich capabilities in wireless and mobile technologies, such as Bluetooth™, wireless LAN, MPEG4 digital image compression, portable PCs, lithium-ion secondary batteries and fuel cells. Accelerated R&D will be directed at integrating these and other advanced technologies in differentiated products that come to market at least one step ahead of products from other companies.

Toward that goal, we will continue to promote a high level of investment in R&D, following on from fiscal 2002's ¥340 billion with a total investment of ¥1,100 billion in the three years to fiscal

2005. Reflecting Toshiba's commitment to boost profitability, about three-fourths of research funding will be channeled to the high-growth domains.

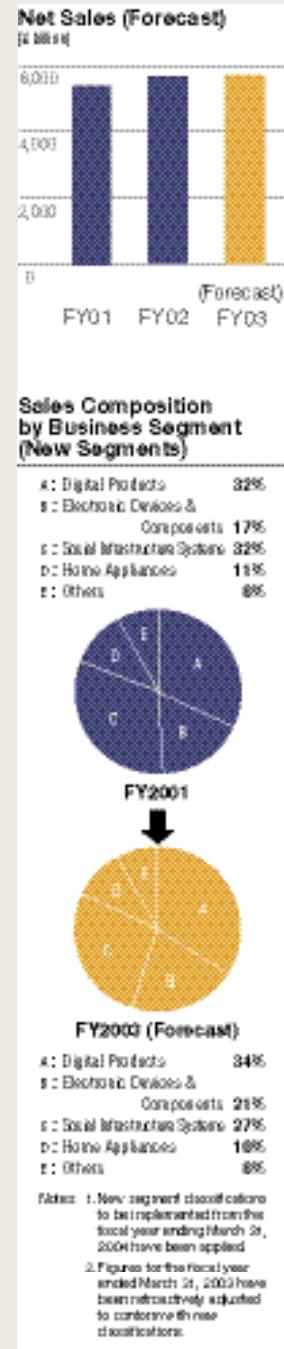
In the same period, we will also promote significant capital expenditure, from ¥204 billion in fiscal 2002, to ¥840 billion. Here too, the emphasis will be on our growth domains, with about 75% of expenditure earmarked for semiconductors and other growth areas.

TM1: Compressed Lead Times

We have already mentioned our resolve to get products to market ahead of our competitors. That is more than just ambition. Through MI 2001, the six-sigma-based management initiative introduced in 1999, we have promoted concerted efforts to maximize efficiency and cut lead times at every stage, from product planning to market launch. We have also achieved some notable successes.

In August 2002, we brought new PCs to the marketplace by placing priority on time and on cross-functional cooperation across sales and marketing, product planning, development, procurement and production. As a result, we met the demand spike at the start of European and U.S. school years—the intense, back-to-school market that can make a big difference to the bottom line—with products that met sales goals and made a positive contribution to our profit and loss figures. We were also able to close August 2002 as the number one portable PC vendor in the U.S. retail market.

Among the provisions of our latest mid-term business plan is the "TM1 Movement," or "Time to Market No. 1." Building on our successes so far, we will make the TM1 Movement an essential part of new product launches. We will promote successive reductions in lead times and use them to achieve rapid gains in market share and improved sales and profits.



CORPORATE GOVERNANCE

Toshiba is determined to achieve the highest standards of corporate governance. Toward this, we will bring greater transparency to management processes and business strategy, reinforce disclosure and accountability, and continue to refine thoroughgoing risk management procedures. Through enhancements to our system of corporate governance, we will seek continued enhancement of the value of the company.

Building on Accomplishments

Since improving corporate governance requires higher levels of operating openness and timely decision-making, we consistently advocate management innovation and reform. As a result, Toshiba moved ahead of other Japanese companies in the introduction of an executive officer system in 1998, and in the deployment of an in-house company system in 1999. Fiscal 2003 will involve another round of reform, as we take full advantage of revisions to the Japanese Commercial Code to initiate a Company with Committees system. This new system will reinforce the supervisory function of management, enhance management transparency and further improve corporate governance. Moreover, the new system will promote greater management agility and flexibility by clearly separating responsibility for business supervision and execution, and improve management speed by delegating a wide range of authority and freedom to Toshiba's executive officers.

Increasing Management Agility by Separating Business Supervision and Execution

Through the Company with Committees system, the role of the Board of Directors is focused on compliance. The Board essentially acts on behalf of stakeholders, including the shareholders, to ensure that basic policy decisions and important management initiatives reflect stakeholder interests. Three legally mandated committees—Nomination, Audit and Compensation—all of which must contain a majority of outside directors, further bolster the supervisory function and transparency of governance, while also representing stakeholder concerns. The Audit Committee serves to provide a potential check on management, as a vehicle for monitoring Toshiba's activities for compliance with legal and regulatory requirements.

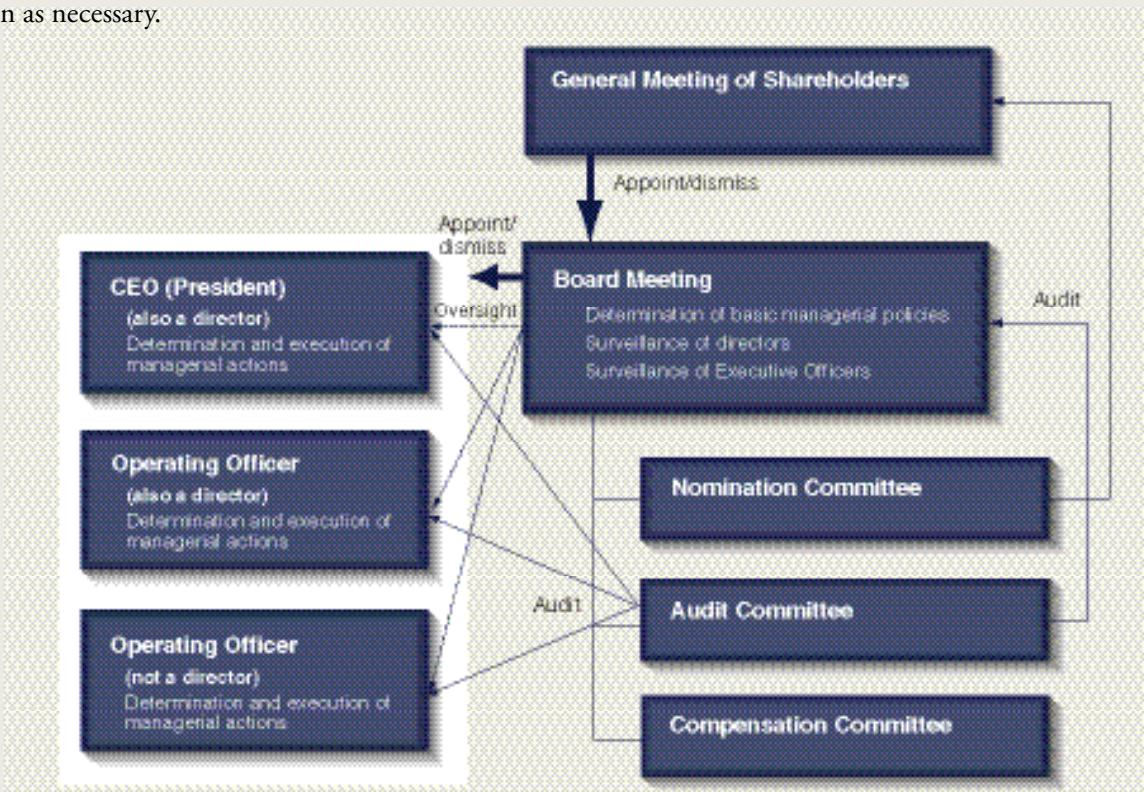
The Company with Committees system is positioned to transfer a wide range of authority from directors to executive officers, which will accelerate the speed of management decision-making. With the implementation of a clearly defined system for business supervision and execution, along with the reconstruction of mechanisms for internal corporate controls and monitoring, executive officers will gain the freedom to concentrate more clearly on business performance.

Thoroughgoing Risk Management

In a turbulent, fast-changing business environment, it is imperative that risk management is at the forefront of management's concerns. The recent revisions to the Japanese Commercial Code are clear in requiring companies that make the transition to the Company with Committees system to set up an internal control system for managing risk and compliance with laws and other requirements. Toshiba has already established a strong system for risk management throughout Group operations. Measures already implemented include a corporate Risk Management Committee and a comprehensive compliance system, all of which will be evaluated and improved on as necessary.

Openness and Accountability

Toshiba regards proactive investor relations activities as an essential component of full management transparency, and constantly strives to maximize information disclosure. The quarterly reports we initiated in the quarter ending in December 2001 play a key part in this pursuit, allowing us to provide stakeholders with timely updates on forecasts and business conditions. And since we also consider the exchange of information to be a mutual process, stakeholder views, opinions and suggestions are routinely reported to Toshiba's management. In other words, we place central importance on increasing shareholder value through positive investor relations activities.



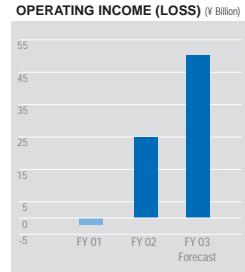
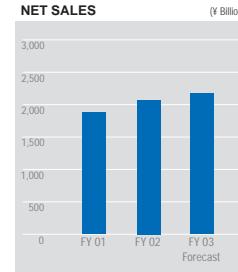
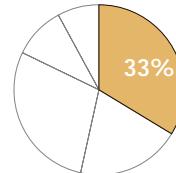
AT A GLANCE

In-House Companies, Affiliated Companies and Corporate Divisions that Comprise Business Groups

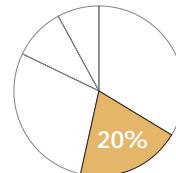
Percentage of Net Sales (FY 2002)

Digital Products

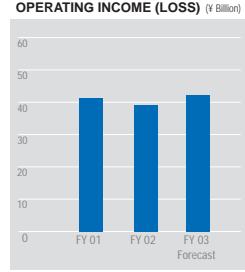
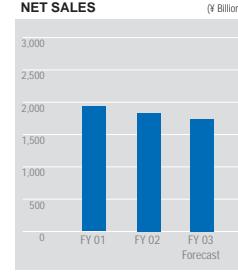
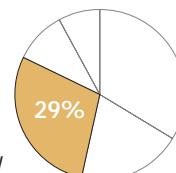
Mobile Communications Company
Digital Media Network Company
Toshiba TEC Corporation

**Electronic Devices & Components**

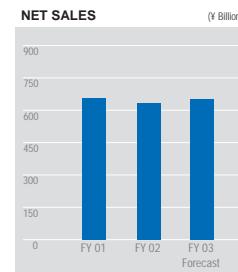
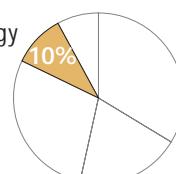
Semiconductor Company
Display Devices & Components Control Center
Toshiba Matsushita Display Technology Co., Ltd.

**Social Infrastructure Systems**

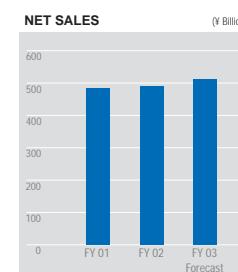
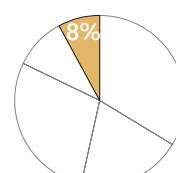
Industrial and Power Systems & Services Company
Social Network & Infrastructure Systems Company
Toshiba Elevator and Building Systems Corporation
e-Solutions New Company
Medical Systems New Company

**Home Appliances**

Marketing New Company
Home Appliances (White Goods) New Company
Toshiba Lighting & Technology Corporation
Toshiba Carrier Corporation
Toshiba Battery Co., Ltd.

**Others**

Network Services & Contents Control Center
Other



Business Strategies

(¥ billion)	Net Sales	Operating Income (Loss)
FY 01	1,885.3	- 1.9
FY 02	2,073.0	24.8
FY 03 (forecast)	2,180.0	50.0

We will secure our position among the global leaders through effective mobile and wireless solutions strategies and by channeling resources into products for ubiquitous networks.

Mobile Communications Company: Continuous investments in sophisticated, high-value-added products will assure we maintain a high market share and strengthen profitability. Development of advanced products will support business expansion in the two key markets we have recently entered, Europe and China.

Digital Media Network Company: The ability to meet the emergence of ubiquitous networks with competitive products based on technological innovations and the integration of wireless and broadband technologies will drive strategies for market leadership and continued growth.

(¥ billion)	Net Sales	Operating Income (Loss)
FY 01	1,044.4	- 175.2
FY 02	1,274.4	31.9
FY 03 (forecast)	1,330.0	55.0

In products, our emphasis is on high-growth areas such as digital consumer products and mobile equipment, and on markets in China and Asia, where we anticipate substantial growth and important customers in the global market. As a Toshiba Group core industry, we will work for high growth and sustained profitability.

Semiconductor Company: Three product areas sustaining growth and high profitability—discrete devices, analog ICs and NAND flash memory—will support us in expanding solutions that build our SoC business and assuring that we continue to number among the world's top-three companies in sales.

Toshiba Matsushita Display Technology Co., Ltd.: A strategic focus on small- and medium-sized displays and further cost reductions in manufacturing low temperature polysilicon LCDs will bring us a significant improvement in profitability.

(¥ billion)	Net Sales	Operating Income (Loss)
FY 01	1,930.9	41.1
FY 02	1,822.6	39.2
FY 03 (forecast)	1,740.0	42.0

Structural reorganization will support efficient allocation of management resources and promote an improved cost structure and strengthened profitability. As we work to expand overseas business we will also develop new businesses that will support a stable base of profits.

Industrial and Power Systems & Services Company: The focus of our expansion strategy will be on growth in China and other Asian markets. We will enter Japan's power generation business and promote further development of environmentally friendly systems and expansion into other new businesses.

Social Network & Infrastructure Systems Company: Broadcasting, communications and image recognition hardware will be our springboard for an overseas expansion of our systems solutions business that will assure maintained stable profits.

Toshiba Elevator and Building Systems Corporation: We will reinforce relations with Kone of Finland, our strategic business partner. We will continue to introduce competitive products, such as machine room-less elevators, and work towards global business logistics.

e-Solutions New Company: The unification of marketing, technology and development allows us to make the most of our wide-ranging expertise, sophisticated technologies, and high-level reliability, and supports our ability to offer advanced solutions and to reinforce a comprehensive package-solution business.

Medical Systems New Company: We will initiate a system that sustains global consistency in all aspects of our business, from planning to development, production, marketing and maintenance services. As a Total Medical Solutions Company we will deliver exclusive services and achieve early market introduction of excellent products.

(¥ billion)	Net Sales	Operating Income (Loss)
FY 01	655.7	10.2
FY 02	633.6	4.1
FY 03 (forecast)	650.0	8.0

With the intent of reorganizing and strengthening our overseas business and overall marketing, our October 2003 reorganization of the home appliance business establishes a Marketing New Company. This unifies marketing at four businesses and affiliates: Home Appliances (White Goods) New Company, Toshiba Lighting & Technology Corporation, Toshiba Carrier Corporation and Toshiba Battery Co., Ltd.

The Network Services & Contents Control Center unifies management of the network service business, content business and media services business.

(¥ billion)	Net Sales	Operating Income (Loss)
FY 01	484.9	11.4
FY 02	491.1	15.5
FY 03 (forecast)	510.0	15.0

A VIEW TO THE FUTURE

Our mid-term business plan, announced in March 2003, identifies two high-growth domains, digital products and electronic devices

In FY 2005, the last year of the plan, we anticipate consolidated sales of ¥6,600 billion and consolidated operating income of ¥270 billion. In achieving that, and an average annual growth rate of 8%, we expect our high-growth domains to secure a top-three position in terms of global sales in all major business areas, and to generate consolidated sales of ¥4,320 billion and consolidated operating income of ¥180 billion. Individual businesses will have the freedom to develop the business model best suited to their competitive environment and to promoting accelerated growth.

Toshiba's Growth Business Domains

Digital Products Businesses

The digital products domain has a crucial mission: to meet the emergence of ubiquitous networks with innovative mobile and wireless solutions that secure leading positions in global markets.

Businesses in the domain will draw on the core competencies of our in-house companies, in such areas as video image compression, speech recognition and nanotechnology, to promote differentiated technologies that support winning business strategies.

With the January 2003 release of the "dynabook C7" into the Japanese market, Toshiba took portable computing to the next level by making user comfort the core design concept. A Clear Super View LCD offers striking visual reproduction that is complemented by high-end specs, including an Intel Pentium III processor and a 40GB hard disk drive.



Mobile Communications Company

Vision and Strategy

Mobile communications is an attention-getter everywhere, not least in Japan, where services include mobile Internet connectivity and transmission of still and moving pictures from camera-equipped mobile phones. Toshiba brings broad capabilities to this business, not least the fusion of movie recording and transmission with the AVC5 technologies of audio, visual, computer, communications, camera, card and content. This ability supports our continuous delivery of high value-added multimedia mobile phones to key regional markets. We are confident that the know-how we have cultivated and the strategies we are promoting will prove to be winners, allowing us to raise market share, increase profitability and establish Toshiba in the top three in the world multimedia mobile phone market.

Markets, Products and Technology

In a domestic market driven by replacement demand, Toshiba is carving out a steadily growing market share. In 2002 we advanced to fourth position in overall sales, with approximately 26% of the NCC (New Common Carrier) market. Our goal for 2003 is to continue improving on core technologies that support us in the early launch of flagship models that can define the direction of the industry and secure our technological and market leadership.

Overseas, we will bring the technologies that succeed in Japan to full-featured mobile phones for the global market. We will seek to optimize the effective allocation of our resources and to boost our international

The 57-inch Projection TV uses Liquid Crystal on Silicon technology (LCOS) to achieve a resolution of 1080 pixels.

business. With Audiovox Corporation, our business partner in North America, we will venture beyond the mid-range models that have, until now, been the nucleus of our strategy, to reveal our strengths in high-value-added markets.

In Europe, we started to supply 2.5G GSM mode GPRS Method i-mode terminals to Holland's KPN Group in November 2002. From there, we now hope to work with the world's largest mobile service provider, allowing us to enter Europe's value-added service market and further develop our business. We also brought multimedia to the Chinese market, when we introduced terminals supporting movie mail in March 2003. China is expected to see substantial growth in demand, and we want to win in the market by continuously supplying advanced high-end products.

Digital Media Network Company

Vision, Products and Technology

The immense broadband capacities of ubiquitous networks will soon make wireless transmission of high-quality streaming video and other data-rich content a fact of daily life. Wherever we are, even while traveling, we will be able to access and enjoy a vast range of entertainment content, downloading it to a PC, PDA, or even a mobile phone. The same is true of access to information, whether we are at home or on the move—fast, easy access that will expand the possibilities of telecommuting from home or a mobile office. The future is drawing near, and it offers dramatic changes that will enhance work styles and lifestyles.

The Digital Media Network Company is leading the way to the future of ubiquitous networking with core technologies in three es-



sential areas: the home, the office and the public environment. The breadth of our capabilities covers computing, visual imaging, data storage, wireless and security technologies, and finds form in market-defining products, a long list that includes portable PCs, computer network equipment, HDD and ODD drives, TVs and other visual equipment, and new generations of personal mobile devices.

In bringing cutting-edge capabilities to advanced products, we are guided and informed by VOC, the voices of our customers. Listening closely to the market and what people want, right from the point of concept development, allows us to create highly original, practical products and services that meet real needs to the fullest. Drawing on Toshiba's rich storehouse of technological know-how, and making full use of our abundant experience in PCs and software assets, we create imaginative, differentiated products that assure the Digital Media Network Company's continued leadership in the age of ubiquitous networks.



Toshiba's world-first combination HDD/DVD video recorder with network connectivity made a big splash on its launch into the Japanese market in December 2002. In addition to the largest hard drive available—a full 120GB—it is capable of recording up to 156 hours of video.

Electronic Devices Businesses

Toshiba's electronic devices domain begins with semiconductors and goes on to the liquid crystal display business—now the responsibility of Toshiba Matsushita Display Technology Co. Ltd., our joint venture with Matsushita Electric Industrial, Co., Ltd.—secondary batteries and parts and materials.

Semiconductors are a core growth industry. As an integrated device manufacturer (IDM), we are determined to retain our leadership in the global market and our position among the world's top-three IC manufacturers.

Semiconductor Company

Strategy and Vision

The Semiconductor Company is intent on



NAND flash memory capacity reached a new high in June 2002, when we started mass production of a 2GB device. Use of state-of-the-art 130nm process technology allowed us to use the same package as 1GB products fabricated with our 160nm technology.

achieving a leading position in the global SoC business. These efforts are supported by world-class capabilities in three core product areas: discrete devices, where Toshiba is number one in the global market; analog products, which enjoy wide demand in fields as diverse as audio-visual products communications, and automotive products; and NAND flash memory, the versatile non-volatile memory that supports rapid advances in memory cards and electronic equipment such as digital still cameras and mobile telephones. By nurturing the growth field of SoC, we look to acquire business from the leading companies we target in each business field.

Our business strategy is centered on the ability to propose innovative solutions to our customers. This allows us to create new markets and to cultivate next-generation sources of growth that will secure continued global leadership. We also attach great importance to cooperation with strategic partners.

Markets, Products and Technology

Memories

Withdrawal from a commodity DRAM business that was increasingly uncertain and buffeted by shifts in the PC market freed resources for investment in NAND flash memory—an increasingly important product area that will grow alongside demand for mul-

timedia products and technologies. Mobile phones with cameras, digital still cameras and replacement HDDs are expected to continue to be in high demand. Toshiba's basic strategy is to build on its technological strengths and to lead the way in mass-producing high-value-added products while promoting measures to further raise cost competitiveness, especially using multi-level cell process technology ahead of competitors. One advantage that we will fully leverage is the fact that Toshiba invented NAND flash memory and owns essential IP rights. This will provide us with positive support in many areas, including efforts to enhance multi-chip packages (MCP) for mobile phones that integrate NAND flash, NOR flash, SRAM and PSRAM in a single package. A further plus will come from the construction of 300mm wafer lines at Yokkaichi, scheduled to start in 2005 and to begin mass production in 2006. Investment in the facility and its equipment is expected to total around ¥150 billion.

System LSIs

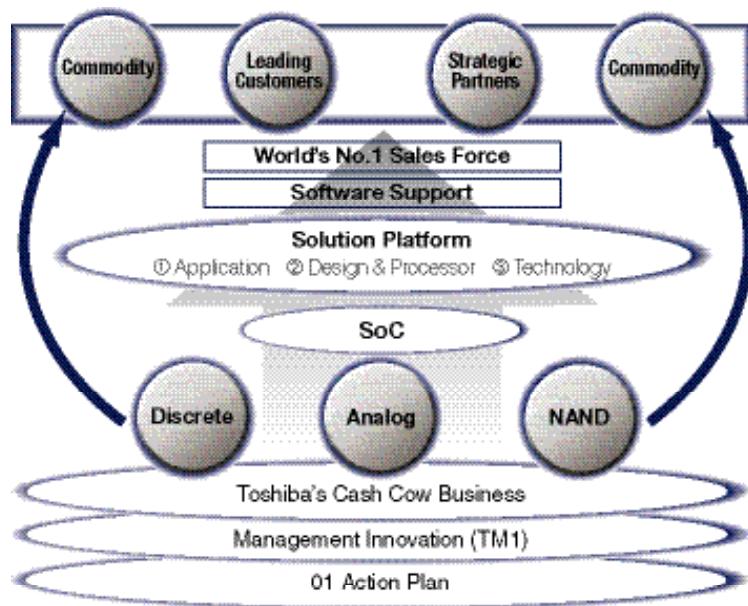
Toshiba is determined to focus on two areas: digital consumer and mobile. Advanced SoC now accounts for a little over 25% of Toshiba's system LSI business. Our goal for 2005 is to take that to beyond 30%. We are working to fortify new product proposals and constantly searching for new markets for SoC products. Our commitment to integrating cutting-edge technologies and realizing new levels of functionality are exemplified by an image processing LSI that support high-capacity, high-speed processing. Our concentration on such value-added products and differentiated technologies also supports us in forging alliances with leading companies in our target areas. For instance, in the CMOS image sensor business, we have maintained strategic collaborations with major phone manufacturers and increased market share as the market for mobile phones with cameras has grown to become the mainstream.

Another undoubted asset is our ability to pioneer new levels of process technology—the secret to advances in miniaturization and device functionality. We were first in the industry to deploy 90nm process technology and we have already gone beyond that to realize 65nm process tech-

nology. These capabilities will be further enhanced by fabrication of 300mm wafers at our new LSI facility at Oita Operations, our LSI production facility. Construction of this advanced facility started in June 2003 and mass production is scheduled for the first half of 2004. Once full capacity is reached output will climb to 12,500 wafers a month. Investment is expected to total around ¥200 billion, with the first ¥40 billion directed to construction of the building and clean room in this fiscal year. The main product of the facility will be advanced broadband processors, a product area where we anticipate high demand in future. Production will draw on our strengths in system LSI with embedded DRAM process technology. While first-generation products will be manufactured with 65nm process technology, we will make an early transition to the 45nm design rule in the future.

Discretes

While Toshiba remains the clear No. 1 in the world discrete devices market, that does not mean any relaxation in our efforts or commitment. On the contrary, we will continue efforts to expand business and improve cost competitiveness. Toward these goals, we are pushing for a stronger presence in the Chinese and Korean markets, today's two main growth markets, developing differentiated core products and transferring assembly to China.



Expansion in China, the Growth Market

Any company looking to the future must give full weight to the significant growth that China promises in coming years. Toshiba does. The Company is already a well-established presence in China: 37 locally incorporated subsidiaries promote activities across the complete range of Toshiba's businesses and already employ approximately 13,000 people. In the last fiscal year, Toshiba's sales in China totaled a healthy ¥350 billion and they are expected to rise to at least ¥600 billion by 2005.

Given these figures, it comes as no surprise that Toshiba considers expansion in China as one of the most important issues for management, or that the Company is now promoting a series of policies to promote market success and profitability.

China's rapid development in recent years has transformed the economy. Once thought of simply as a cost-efficient production base, China is now much more an important market in its own right and a promising development base for products and services. Toshiba's activities in recent years reflect this evolution. By October 2001, Toshiba China Co. Ltd. was ready to open its own R&D Center, allowing local development of products geared to the Chinese market.

In April 2002, the Company established a new Customer Service Center to promote a central strategy—the ability to hear the voices of customers, and to reflect their needs and desires in products that are brought to market as quickly as possible. This was followed by a series of key moves related to manufacturing.

Semiconductor Operations Reinforced

In July 2002, Toshiba revitalized its semiconductor operation in China when it made Wuxi Huazhi Semiconductor Co., Ltd. a wholly owned subsidiary, buying out the interest of its joint-venture partner, Huajing Electronics Group Corp. This was only Toshiba's first step in a radical makeover. Renamed Toshiba Semiconductor (Wuxi) Co., Ltd., the company received additional funds to raise its capital to U.S. \$15 million and moved to a new production facility, where a two-year, ¥5 billion investment program will raise production ten-fold while extending it from bipolar and Bi-CMOS ICs into discrete devices.

There were sound reasons for the move. While China accounted for only 11% of the world semiconductor market in 2002, that figure is expected to climb to as high as 20% by 2010. The new company gives Toshiba a cost-efficient production base that will support early delivery of products that meet the needs of customers in China.

Manufacturing Portable PCs for the Global Market

Toshiba Information Equipment (Hangzhou) Co., Ltd. became the first company to start operations at the new Hangzhou site. Toshiba was developing to serve global markets, when it began production of portable PCs in April 2003. In its first year of operation, the new facility will manufacture approximately 750,000 PCs with annual output expected to rise to 2,000,000 units in the near future. Over time, the new company will cultivate development and design capabilities, and also provide sup-

The T618X brought movie mail to China in March 2003. Its key feature is Toshiba-developed MPEG4 technology that delivers up to 15 seconds of quality moving pictures at one time.

port services. PCs produced at the facility will contribute to Toshiba global logistics and cost competitiveness, and support the Company in securing leadership in China's fast growing PC market.

Toshiba Mobile Phones Bring Movie Mail to China

Over 200 million subscribers make China the world's number one in mobile telephone penetration. Demand, already strong, is expected to receive a further boost from the transition from voice to value-added data transmissions that deliver a wide range of entertainment and other services. Toshiba is in the vanguard of this shift. In March 2003, Nanjing Postel Wong Zhi Telecommunications Co., Ltd., a joint venture between Toshiba, Nanjing Postel Telecommunications Co., Ltd. (a subsidiary of China Putian Corporation) and Hong Kong's Wong's Industrial (Holdings), launched the "T618X," China's very first phone supporting movie mail communication and other advanced broadband services. Already a hit, the T618X draws on advanced technology developed for the Japanese market. Toshiba will continue to use this advantage to deliver differentiated products that can win in the market place.



RESEARCH AND DEVELOPMENT

Toshiba is concentrating efforts on technological development that will provide the platform for the impending digital mobile networking era. Our Corporate R&D Center works to improve development speed and efficiency by actively engaging in Management Innovation (MI). From the fiscal year under review, we aim to shorten product development times through Time to Market No.1 (TM1) activities.

Delivering High-Speed Web Site Access

Improved speed is always a must-have requirement of Internet users. Toshiba offers an original solution to this demand by caching Web page content and minimizing data transfer volumes. Using standard hardware and software, this method boosts response speeds and cuts communication costs by reducing transmitted data volumes by as much as 90% and increasing transfer rates by up to 60%.

The heart of this new technology is a powerful cache function that works alongside a system for monitoring and handling changes in the dynamic content of Web pages, such as those for receiving orders or delivering estimates.

Previously, the cache function could save and provide high-speed delivery only of those parts of a Web site that were static. Toshiba's difference management function overcomes the problem by fine-grained management of difference information of Web sites. When a particular site is accessed, only the updated parts of the page are transmitted to the PC, where they are combined with the content of the cache. The result is rapid download and display, including high-speed transmission and a reduced delay in displaying dynamic content.

One example of where this new technology can make a difference is at a company that has made the switch to a Web-based business system, but that tries to reduce communication costs by using low-speed private-network connections to link its head office with sales offices. With Toshiba's high-speed system, traffic is reduced, while system responsiveness and data delivery are enhanced. This technology can end the need to invest in high-speed networks, allow for lower operating costs and improve the performance of Web-based systems.

Financial Simulation Technology

Applying know-how accumulated in nuclear energy and other areas of power systems technology to other fields is allowing Toshiba to propose new solutions and to maximize overall strengths and capabilities. One advance that brings this home is development of the Financial Boltzmann Model, a financial model derived from simulations of the behavior of neutrons inside nuclear reactors.

The Boltzmann equation describes particle transport phenomena and is an essential aspect of nuclear reactor theory. Toshiba's Financial Boltzmann Model applies it to track stock prices, altering the global standard financial simulation model developed in the U.S. The new model demonstrates the ability to accurately track complicated structures that accompany the price movements of stocks, and by doing so it lowers financial risks for securities houses and investors alike. At present, the model has been applied to reproducing the characteristics of the Nikkei 225 option market prices, and is expected to contribute to reduction of the large risks that are option-specific.

The Financial Boltzmann Model is the world's first simulation model to apply the nuclear reactor theory to financial fields. Results so far indicate that its application will not be limited to stocks.

ApriAlpha introduces the concept of a robot information home appliance. Speech recognition and synthesis capabilities and diverse communication capabilities support ApriAlpha as an interface with home networks, for controlling home appliances and in carrying out many other tasks.

Realizing a Concept Home Robot with Communication Capabilities

In the next few years, wired and wireless networks will bring exciting new services into our lives and with them a lot of complexity. Managing this will be possible only with a simple, user-friendly interface ready to intermediate between the diverse network equipment and the people who use it. In anticipation of this need Toshiba has developed the ApriAlpha "Robotic Information Home Appliance." In addition to its abilities to move and communicate, ApriAlpha is easily programmable. It has been designed to grow in capabilities to become a "life support partner" that will ultimately provide assistance with handling household chores and care for the aged.

The first generation ApriAlpha communicates through voice recognition and voice synthesis that allow it to recognize spoken commands and hold conversations. It can also recognize individuals, with the capacity to register up to 100 individual faces through its image recognition technology.

Among the wide range of data transmission capabilities integrated into ApriAlpha is an IEEE802.11b wireless LAN, along with support for NTT DoCoMo's i-mode mobile phone standard that allows remote supervision and operation of ApriAlpha. ApriAlpha can also control certain networked home appliances via a Bluetooth™ compliant home server.

Movement-related capabilities include the ability to input data of a room layout and programming ApriAlpha to follow a specific route and carry out surveillance patrols.

As far as Toshiba is concerned, these diverse capabilities are just the beginning, and future research will extend and refine ApriAlpha's versatility.

An LCD that Displays and Captures Images

With its new "input display," Toshiba Matsushita Display Technology Co., Ltd. (TMD)

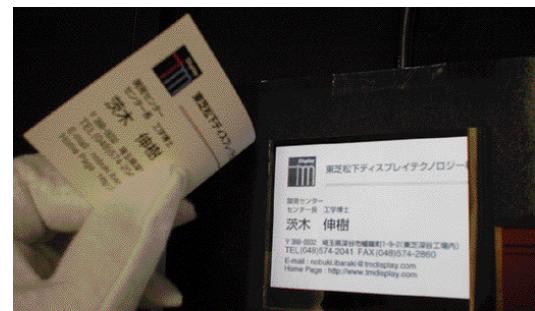


has drawn on its leadership in Systems on Glass technology to develop the world's first TFT LCD that is able to capture images as well as display them.

The company's prototype display is a 3.5 inch (8.9 cm) low-temperature polysilicon (LTPS) TFT LCD with QVGA (320/240) resolution. Alongside the standard display function, the capabilities of the input display allow it to capture and redisplay monochrome images with an input resolution of up to 960 X 240 pixels. The new technology utilizes photo sensors embedded in each pixel of the display. This represents the latest advance in the TMD's pioneering work in Systems on Glass, namely the ability to form the components of LTPS displays directly on their glass substrate. Image capture is accomplished by placing the image, a document or a photograph, for example, face-down on the display.

The input display differs from a camera in that its built-in image sensors record an actual-size image of the original, opening up a wide range of business and personal uses. One application that Toshiba is considering, along with further refinement of the technology, is a fingerprint recognition technology that could be employed in identification systems for e-commerce and other financial transactions.

The world's first Input Display not only displays images, it can also capture them directly from its polysilicon TFT LCD.



TOWARD SUSTAINABLE DEVELOPMENT AND A RECYCLING-BASED SOCIETY

Toshiba Group is fully conscious of the holistic nature of the product life cycle, from development and manufacturing, through purchase, use, disposal and recycling.

As a major manufacturer of a wide range of products, Toshiba positions reduction of environmental impacts as central to production processes. The Company makes every effort to help protect the environment in all its business activities through ongoing activities to lighten environmental loads by reducing energy consumption and reducing the use of water and chemicals. A determination to make a significant contribution to the realization of sustainable development and the achievement of a recycling-based society inspires Toshiba's activities in five basic areas: efficient use of resources, prevention of global warming, strengthened management of chemicals, development of environmentally friendly products, and recycling end-of-life products. All Toshiba Group companies coordinate efforts in line with the objectives of the Third Voluntary Environmental Plan, launched in fiscal 2001 to guide the Group toward stringent targets for fiscal 2005. The plan identifies eight areas in the achievement of the overall goal of zero emission of waste.

Working for a better global environment as a responsible corporate citizen, Toshiba considers the needs of regional communities while promoting activities that support the ultimate goal of contributing to the advancement of society.



Maximizing Efficiency in Resource and Energy Utilization

Toshiba believes that environmental conservation in the 21st century revolves around the concept of sustainable development. The Company makes concerted efforts to develop products that use energy efficiently, and at the same time works to prevent global warming by reducing CO₂ emissions through efforts to slash energy consumption at all of its facilities. Toshiba aims to lower "CO₂ releases to net sales" by 25% by fiscal 2010, with fiscal 1990 as its benchmark, and the Company has shown results bettering the 1% annual improvement target set by the Energy Conservation Law in Japan. In the fiscal year ended March 31, 2003, Toshiba cut CO₂ releases by 22% compared with fiscal 1990 levels and 13% compared with the previous fiscal year by increasing the energy efficiency of its clean rooms.

By segment, CO₂ releases in Electronic Devices & Components, which includes semiconductors and LCDs, increased 12% compared with fiscal 1990, but CO₂ releases to net sales improved 13% against the benchmark. The Company achieved a 26-54% reduction in Information & Communications Systems, Power Systems and Home Appliances.

Achievement of Zero Emission of Waste

In the production phase of product life cycles, Toshiba aims to minimize environmental impacts and the use of resources and energy.

Efforts here include working to achieve zero emissions by recycling all waste generated

by our facilities, which means that waste undergoing final disposal in landfills must be less than 1% of the total waste emitted. We are making Group-wide efforts to achieve these targets.

Three of the most important points in reducing waste comprise thoroughly separating and sorting waste, disposal in a way that is sensitive to regional characteristics and through tie-ups with other industries, and using appropriate third-party disposal adhering to strict standards. We aim to reduce our waste release through classification and applications development at the emission stage.

In the fiscal year under review, Toshiba Group released a total of 106 thousand tons of waste, achieving a reduction of 5,300 tons against the previous fiscal year. Of this amount, 88.1% was recycled, and 890 tons were disposed of in landfill, a year-on-year decrease of 770 tons. Accordingly, Toshiba has achieved the objective of zero emission of waste (less than 1% of total waste emitted is disposed of in landfill) in the Third Voluntary Environmental Plan one year ahead of schedule.

Creation and Promotion of Environmentally Conscious Products

The ultimate goal of Toshiba Group is to develop environmentally conscious products (ECPs) as a contribution to a recycling-based society. To achieve this objective, Toshiba has established a set of guidelines and put in place a system emphasizing the creation of environmentally conscious products: that is, products whose environmental impacts are minimized at every stage of their entire life cycles—from

materials procurement, manufacturing and distribution, through to consumption and eventual disposal. These guidelines call for environmentally conscious design, environmental assessment of all products, and full disclosure of environmental impacts and other information.

Toshiba promotes environmentally conscious design grounded in the principle of the "5Rs": design to achieve reduction, reuse, recycling, reduction of energy consumption and reduction of substances with an environmental impact. In establishing its "Environmentally Conscious Product Design Guidelines" and "Eco Material Selection Guidelines," Toshiba promotes the use of lead-free solder, green procurement, and the development of an environmentally conscious design support system.

In the area of environmental assessment of products, Toshiba has introduced "Product Assessment Guidelines" for its complete product range, to clarify the extent to which the environmental impact of a contemplated product is reduced compared with that of the previous model. In particular, Toshiba has incorporated a lifecycle assessment (LCA)-based quantitative evaluation in the product assessment of mass-produced mainstay models. The application of LCA is expected to increase over a broader range of products in the future.

Toshiba applies stringent standards in the disclosure of environmental performance. The Company has adopted a leading position in the industry, adopting 13 criteria, including the "5Rs," in its "voluntary environmental standards." Toshiba products that comply with all of the Company's voluntary standards and that have gained eco-labels, Toshiba Group's environmental performance self-declaration mark in compliance with ISO 14021, are introduced on the Company's Web site.

A prime example of Toshiba's environmentally conscious products is the "New Super Power Eco," an air conditioner used in large stores. Equipped with Toshiba's unique dual inverter system for simultaneous control of two inverter compressors, and using a new high-efficiency refrigerant, R-410A, this new product has achieved an air-conditioning system that cuts power consumption to 40% of earlier models and was awarded the Director-General's Prize from the Agency for Natural Resources and Energy in the 2002 Energy Conservation Awards.

Recycling Activities

Recycling is another essential aspect of Toshiba's activities. All Group companies focus on the development of technologies that recycle discarded products and the materials from which they are made. Emphasis is also placed on the reduction of waste and costs. In accordance with Japan's recycling law, which requires manufacturers to take back TVs, refrigerators, washing machines and air-conditioners at the end of their life, Toshiba recycled 1,560,000 units during fiscal 2002. In preparation for the introduction of recycling laws in Europe in 2005, Toshiba has established a European Environmental Division in Germany.

Activities for Society and Local Communities

Toshiba Group companies actively contribute to the communities in which they operate, and for the betterment of society as a whole.

Opened in 1961, the Toshiba Science Museum welcomes more than 120,000 visitors each year to view the Company's latest technologies. The museum also serves to increase interest in science as a place for people to interact with science displays, and offers personal computer courses for beginners.

In addition, Toshiba has three charitable foundations around the world, including the Toshiba International Foundation and Toshiba America Foundation, which support cultural and educational activities. Toshiba also works closely with regional groups in Japan to hold events in tune with the needs of local communities.

Toshiba believes it is essential to disclose its activities and results in protecting the environment based on environmental management systems to as many people as possible through open communication both within and outside the Company. To this end, the Company publishes an Environmental Report and discloses related information on its Web site.

For more information on Toshiba Group environmental protection activities, please visit our Web site at: <http://www.toshiba.co.jp/env/english/index.htm>.



The dual-inverter system and new coolant of the New Super Power Eco achieve an air-conditioning system that cuts power consumption to 40% of earlier models. Its performance won the Director-General's Prize from the Agency for Natural Resources and Energy in the 2002 Energy Conservation Awards.

Board of Directors and Executive Officers



Taizo Nishimuro
Director
Chairman of the Board



Tadashi Okamura
Director



Yasuo Morimoto
Director



Takeshi Iida
Director



Makoto Nakagawa
Director



Yuji Kiyokawa
Director



Atsutoshi Nishida
Director



Tadashi Matsumoto
Director

*Representative Executive Officer,
President and
Chief Executive Officer*

Tadashi Okamura

*Representative Executive Officers,
Corporate Senior Executive Vice
Presidents*

Yasuo Morimoto
Takeshi Iida
Makoto Nakagawa

*Executive Officers,
Corporate Executive Vice Presidents*

Yuji Kiyokawa
Atsutoshi Nishida
Tadashi Matsumoto
Takeshi Nakagawa

*Executive Officers,
Corporate Senior Vice Presidents*

Susumu Kohyama
Masaki Matsuhashi
Tsuyoshi Kimura
Toshitake Takagi
Sadazumi Ryu
Masao Niwano
Tsutomu Miyamoto
Makoto Azuma
Shigeo Koguchi
Yoshiaki Sato
Yoshihiro Nitta



Takeshi Nakagawa
Director



Sadazumi Ryu
Director



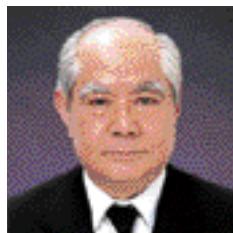
Akinobu Kasami
Director



Susumu Terao
Director



Sakutaro Tanino
Director



Yasuhiko Torii
Director



Eiichi Kakei
Director



Shunsaku Hashimoto
Director

*Executive Officers,
Corporate Vice Presidents*

Shinsuke Kawamura
Ginzo Yamazaki
Yasusuke Sumitomo
Masamichi Katsurada
Katsuji Fujita
Shunsuke Kobayashi
Toru Uchiike
Hisatsugu Nonaka
Mutsuhiro Arinobu

Fumio Muraoka
Ichiro Tai
Nobuhiro Yoshida
Toshinori Moriyasu
Masao Namiki
Hisayoshi Fuwa
Yoshihide Fujii

Financial Section

- P27** Management's Discussion and Analysis
- P34** Consolidated Balance Sheets
- P36** Consolidated Statements of Operations
- P37** Consolidated Statements of Shareholders' Equity
- P38** Consolidated Statements of Cash Flows
- P39** Notes to Consolidated Financial Statements
- P55** Report of Independent Auditors

MANAGEMENT'S DISCUSSION AND ANALYSIS

FIVE-YEAR SUMMARY

Toshiba Corporation and its subsidiaries

Years ended March 31

	Millions of yen, except per share amounts				
	2003	2002	2001	2000	1999
Net sales	¥5,655,778	¥5,394,033	¥5,951,357	¥5,749,372	¥5,300,902
Cost of sales	4,146,460	4,070,130	4,323,525	4,254,444	3,890,622
Selling, general and administrative expenses	1,393,776	1,437,478	1,395,699	1,393,959	1,379,797
Operating income (loss)	115,542	(113,575)	232,133	100,969	30,483
Income (loss) before income taxes and minority interest	53,123	(376,687)	188,099	(44,844)	11,218
Income taxes	48,532	(113,915)	96,145	(4,530)	20,901
Net income (loss)	18,503	(254,017)	96,168	(32,903)	(9,095)
Per share of common stock:					
Net income (loss)					
—Basic	¥5.75	¥(78.91)	¥29.88	¥(10.22)	¥(2.83)
—Diluted	5.75	(78.91)	29.71	(10.22)	(2.83)
Cash dividends	3.00	—	10.00	3.00	6.00
Total assets	¥5,238,936	¥5,407,782	¥5,724,564	¥5,780,006	¥6,101,929
Shareholders' equity	571,064	705,314	1,047,925	1,060,099	1,128,753
Capital expenditures					
(Property, plant and equipment)	230,512	348,235	269,545	298,512	375,464
Depreciation					
(Property, plant and equipment)	237,888	311,208	308,294	329,630	309,836
R&D expenditures	331,494	326,170	327,915	334,398	316,703
Number of employees	165,776	176,398	188,042	190,870	198,000

Notes: 1. Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period.

2. Diluted earnings per share assumes the dilution that would occur if dilutive convertible debentures were converted into common stock.

3. The Company adopted SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" beginning with the fiscal year ended March 31, 2001, and has restated its prior years' consolidated financial statements.

SCOPE OF CONSOLIDATION

Toshiba Group consists of Toshiba Corporation and 315 consolidated subsidiaries (201 domestic companies and 114 foreign companies) as well as 52 companies reflected under the equity method (consisting of 28 domestic and 24 foreign companies). The net number of consolidated subsidiaries for the period under review was 14 companies less than the previous year. The number of newly consolidated subsidiaries, including our strategic joint venture with Matsushita Electric Industrial in the LCD and liquid crystal business—Toshiba Matsushita Display Technology—increased by 31 companies during the year. However, as the result of restructuring efforts, we also consolidated, rationalized and sold-off some 45 subsidiaries.

RESULTS OF OPERATIONS

NET SALES

Consolidated net sales in fiscal 2002, ended March 31, 2003, increased by 5% to ¥5,655.8 billion (US\$47,131 million). Supported by growth in consumer-use digital products and overseas sales particularly in Asia, electronic device sales centering on semiconductors and overseas PC sales recorded strong growth. On the other hand, sales of industrial-use equipment declined due to weak public works investment as well as private capital expenditures in Japan, while weak domestic personal consumption was behind the decline in sales volumes and falling unit prices for home appliances. In addition, an appreciating yen against the major currencies depreciated reported sales. The average yen-dollar rate for sales was ¥122/US\$, or ¥4 stronger than the previous fiscal year, while the yen dropped by ¥10 against the euro from ¥120 to ¥110.

NET SALES BY REGION

Years ended March 31	Millions of yen		
	2003	2002	2001
Japan	¥3,343,551	¥3,340,491	¥3,753,052
North America	860,306	825,902	828,671
Asia	837,845	659,820	728,969
Europe	509,620	453,093	519,186
Other	104,456	114,727	121,479
Net sales	¥5,655,778	¥5,394,033	¥5,951,357

Note: Net sales by region are determined based upon the location of the customers. Therefore, this information is different from the net sales for geographic segments in segment information on page 31, which are determined based upon where the sales originated.

Japan—Domestic sales were relatively flat compared with the previous fiscal year, amounting to ¥3,343.6 billion (US\$27,863 million). Sluggish domestic capital investment in the private and public sectors contributed to a sales decline in systems for public institutions and industrial equipment. In Home Appliances, sales were undermined by price erosion and weak consumer demand. Otherwise, however, sales climbed for visual products and mobile phones for digital media, semiconductors for digital consumer products, and NAND flash memories in the Electronic Devices & Components segment.

North America—Sales increased 4% year on year to ¥860.3 billion (US\$7,169 million). Despite the decline in sales of Electronic Devices & Components due to the exit of the DRAM business during the previous fiscal year, sales of portable PCs, HDD/DVD recorders and other visual products increased significantly.

Asia—A rise in sales of thermal power stations in Taiwan, and in semiconductors for digital consumer products, contributed to

a sales increase of 27% year on year to ¥837.8 billion (US\$6,982 million).

Europe—Overall sales growth of 12% to ¥509.6 billion (US\$4,247 million) year on year was recorded, thanks to steady demand for portable PCs and PC peripherals.

NET INCOME (LOSS)

As net sales increased ¥261.7 billion year on year to ¥5,655.8 billion (US\$47,132 million), the gross profit margin improved 2.2 percentage points to 26.7%. Selling, general and administrative expenses decreased ¥43.7 billion year on year to ¥1,393.8 billion (US\$11,615 million). The primary reason for the decrease in selling, general and administrative expenses was the restructuring effect of an approximate ¥30.0 billion reduction in fixed costs.

Although the impact of an average sales-price reduction of 9.4% amounted to ¥587.0 billion, operating income increased ¥229.1 billion year on year to ¥115.5 billion (US\$963 million). The primary reasons for this increase included a reduction of ¥441.0 billion in procurement costs, ¥182.0 billion in personnel and restructuring costs, a ¥17.0 billion foreign exchange gain, and changes in sales volume and product mix of ¥176.1 billion.

Non-operating loss decreased ¥200.7 billion year on year to ¥62.4 billion (US\$520 million). The main reasons for this decrease were a decline in restructuring charges and additional termination benefits for voluntary early retirement of employees. Total restructuring charges and additional termination benefits in fiscal 2002 and 2001 were ¥10.9 billion (US\$91 million) and ¥208.9 billion, respectively. During the fiscal year under review, the Company recorded a ¥4.3 billion improvement in its net financial expenses, primarily due to a decline in interest expenses and an increase in dividend income. The Company also recorded a ¥21.5 billion (US\$179 million) loss on marketable securities.

Income before income taxes greatly improved from a loss of ¥376.7 billion in the previous fiscal year, to a gain of ¥53.1 billion (US\$443 million) in the fiscal year under review. Accordingly, income taxes increased ¥162.4 billion, which included the effect of a revaluation of deferred income taxes in connection with adoption of Business Scale Taxation.

Minority interest in losses increased ¥5.0 billion from the previous fiscal year. This reflected mainly the increased net loss of consolidated subsidiaries where Toshiba's ownership is less than 100%. The Company recorded equity in earnings of affiliates of ¥2.6 billion (US\$22 million), and this mainly reflected gains posted by foreign affiliates, while the domestic affiliates posted losses. As a result, net income greatly improved by ¥272.5 billion from the previous fiscal year to ¥18.5 billion (US\$154 million).

SEGMENT INFORMATION

Information & Communications Systems—Sales declined by 5% against the previous fiscal year to ¥908.7 billion (US\$7,573 million), and the segment's proportion of total sales slipped to 14% from 16% the previous year. Operating income for the segment, while negatively affected by the decline in sales, nevertheless recorded an 8% increase to ¥10.4 billion (US\$87 million), owing to effects from restructuring and other measures.

Sales of information systems continued to feel the adverse effects of falling stock prices, curtailed IT investment in the private sector, and continued deterioration in the domestic financial services sector due to delays in disposal of non-performing loans. Communications systems saw a sharp fall in sales and global demand as the telecommunications industry sought to overcome a shortage of funds and past excess investment. On the positive side, orders booked for broadcasting systems were boosted by investments in digital broadcasting facilities.

Social Infrastructure Systems—Sales for the segment slipped 3% from the previous year to ¥922.8 billion (US\$7,690 million). Operating income rose 52% for the year to ¥20.7 billion (US\$173 million), boosted by structural reforms and efforts to reduce costs, which also contributed to profit increases in social infrastructure and industrial systems and the medical systems business.

Intensified restraint in public spending and private sector capital expenditures led to lower sales of system business in both the public and private sectors.

Transportation business sales received a boost despite this climate of restraint, mainly from increased sales of electrical equipment and substation facilities for new lines and bullet trains for JR (Japan Railways) group companies. Sales to private railways also contributed to the increase.

Conditions remain severe in the domestic medical systems market, as structural reforms to Japan's health insurance system are directed to reducing fees for medical service. Increasing cost consciousness among domestic medical institutions and intensified competition from foreign suppliers also added to market severity. Overseas markets were more positive, and sales were particularly robust in the U.S. and Europe. Although a worsened market environment undercut sales from MRI equipment, CT and ultrasonic diagnostic equipment revenues were favorable. Overall sales remained steady, supported by a stronger euro to the yen.

Power Systems—Sales in Power Systems were ¥523.7 billion (US\$4,364 million), a 10% decline for the year, accounting for 8% of total sales compared to 9% the previous year. Operating income for the division, reflecting lower sales and exchange rate fluctuations, declined 19% for the year to ¥21.6 billion (US\$180 million).

In the domestic market, electric power companies met rolling deregulation by curtailing capital expenditures, and sales results were also impacted by the transfer of the power distribution and transmission business to a joint venture with Mitsubishi Electric Corporation. Overseas, exports of thermal power plants to Taiwan saw solid growth.

Digital Media—Sales for the segment grew by 13% to ¥1,658.1 billion (US\$13,818 million), and increased as a proportion of total sales to 26% from 24% the previous year. Operating income recovered from a ¥14.9 billion deficit in the previous year to ¥9.3 billion (US\$78 million), and accounted for 8% of total operating income.

In the portable PC market, PC sales saw a notable downturn in market demand due to large U.S. and European corporations' deteriorated capital spending. The severe slump in demand lasted in Japan as IT investment was cut back due to the sluggish economy. Models for consumers achieved steady sales in the U.S. and Europe, but sales in Japan declined reflecting raised prices due to raised components prices from spring to summer, and reserved consumer spending.

Toshiba focused on retail sales, succeeded in increasing market shares in each region and achieved higher growth in unit sales.

In optical disk drives, the sales shift from single-functional CD-R/RW or DVD-ROM to multifunctional DVD-ROM/CDR-RW drives accelerated further. Toshiba was able to lead the market with the introduction of an ultra-thin recordable DVD (DVD-R/RW).

Mobile phone sales in Japan grew favorably and Toshiba's introduction of leading-edge models with moving picture functions allowed it to win market share. Overseas sales were weaker, hampered by waning sales in North America. Meanwhile, Toshiba successfully launched the CDMA 1X handsets in the China market, and the GPRS models that support i-mode features in Europe.

In the network services and content business, the "Ekimae Tanken Club" portal site became an established revenue earner, and mobile application service provider (ASP) services also contributed to segment sales growth.

Home Appliances—Sales for the year eased 3% to ¥660.7 billion (US\$5,506 million), accounting for 10% of total gross sales against 11% in the previous year. Operating income fell by 69% to ¥3.5 billion (US\$29 million).

The prolonged economic malaise in Japan has shrunk consumer spending, and overall demand for home appliances remained flat. Shipments of major products, such as refrigerators and washing machines, were higher by volume than in the pre-

vious year, but further declines in sales prices impacted total sales value. In order to drive growth, we enhanced design in products like the Trilobite robot cleaner (in the "Electrolux by Toshiba" series), and we continue to develop overseas markets, centering on China and other Asian countries.

Electronic Devices & Components—Sales for the segment rebounded 21% for the year to ¥1,296.0 billion (US\$10,800 million), and accounted for 20% of total sales, up from 17% the previous year. Operating income rebounded sharply from a ¥176.3 billion deficit in the previous year to a profit of ¥30.5 billion (US\$254 million), and contributed nearly 27% of total operating profits, as the operating margin recovered to 2.0%.

Demand for semiconductors in yen terms increased approximately 9%, boosted by higher demand for consumer products in Japan and southeastern Asian countries, stimulated by the June 2002 World Cup soccer tournament.

Sales of discrete devices were supported by high demand from China and Asia in the first half of the fiscal year, particularly for consumer AV products, DVDs and game consoles. Completion of inventory adjustments also boosted demand for products for mobile phone applications. In contrast, demand for amusement equipment did not meet expectations, and demand for power devices for mobile phones, PCs, and AV equipment applications weakened.

In the first half of the fiscal year, system LSIs sales were driven by logic devices for digital consumer products, LCD drivers for mobile phones and PCs, and bipolar ICs for audio and other applications. In the second half, sales of custom LSIs for SD Cards, DVCs, mobile phones and amusement applications remained firm, while demand for MCUs declined.

In memory devices, demand for NAND flash memories for digital still cameras was particularly strong, and NAND flash memories found increasing application in the mobile phone market in the second half of the fiscal year. There was also rapid growth in sales of MCP products incorporating NAND and NOR flash memories, SRAMs and pseudo-SRAMs.

Sales for LCDs increased sharply, by 88% to ¥235 billion (US\$1,958 million), due to the launch of Toshiba Matsushita Display Technology Co., Ltd. (TMD), a joint venture with Matsushita Electric Industrial Co., Ltd. While sales prices for displays for portable PCs and monitors declined, small-sized displays for mobile phones saw brisk demand, and growth in TMD's market-leading QVGA LCDs was particularly robust.

Others—Sales increased 1% for the year to ¥431.4 billion (US\$3,595 million), and produced operating income of ¥18.6 billion (US\$155 million), representing a 21% increase from the previous year.

The following segment information is based on Japanese accounting standards. Along with a review of internal management jurisdictions made in April 2001, Toshiba has reclassified its former Information & Communications and Industrial Systems into Information & Communication Systems and Social Infrastructure Systems as well as reviewed a portion of its business classifications in Digital Media and Others. Consolidated financial data for the fiscal year ended March 31, 2001 have been reclassified to conform with the fiscal year ended March 31, 2002.

INDUSTRY SEGMENTS

Year ended March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2001	
Net sales:				
Information & Communication Systems				
Unaffiliated customers	¥ 775,307	¥ 784,071	¥ 800,941	\$ 6,460,892
Intersegment	133,425	172,643	171,048	1,111,875
Total	908,732	956,714	971,989	7,572,767
Social Infrastructure Systems				
Unaffiliated customers	875,239	890,718	925,351	7,293,659
Intersegment	47,515	64,632	49,787	395,958
Total	922,754	955,350	975,138	7,689,617
Power Systems				
Unaffiliated customers	513,681	565,973	568,244	4,280,675
Intersegment	10,054	13,587	14,423	83,783
Total	523,735	579,560	582,667	4,364,458
Digital Media				
Unaffiliated customers	1,603,698	1,405,328	1,398,161	13,364,150
Intersegment	54,409	63,271	88,242	453,408
Total	1,658,107	1,468,599	1,486,403	13,817,558
Home Appliances				
Unaffiliated customers	633,438	656,905	676,820	5,278,650
Intersegment	27,276	23,777	31,497	227,300
Total	660,714	680,682	708,317	5,505,950
Electronic Devices & Components				
Unaffiliated customers	1,091,673	905,178	1,332,711	9,097,275
Intersegment	204,278	169,674	218,640	1,702,317
Total	1,295,951	1,074,852	1,551,351	10,799,592
Others				
Unaffiliated customers	162,742	185,860	249,129	1,356,183
Intersegment	268,692	240,511	219,143	2,239,100
Total	431,434	426,371	468,272	3,595,283
Eliminations	(745,649)	(748,095)	(792,780)	(6,213,742)
Consolidated	¥ 5,655,778	¥ 5,394,033	¥ 5,951,357	\$ 47,131,483

Year ended March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2001	2003
Operating income (loss):				
Information & Communications Systems	¥ 10,407	¥ 9,662	¥ 23,744	\$ 86,725
Social Infrastructure Systems	20,655	13,601	9,338	172,125
Power Systems	21,603	26,828	17,457	180,025
Digital Media	9,316	(14,873)	18,041	77,633
Home Appliances	3,477	11,358	18,429	28,975
Electronic Devices & Components	30,490	(176,277)	116,354	254,083
Others	18,602	15,314	27,153	155,017
Eliminations	992	812	1,617	8,267
Consolidated	¥ 115,542	¥ (113,575)	¥ 232,133	\$ 962,850
Identifiable assets:				
Information & Communications Systems	¥ 634,859	¥ 679,932	¥ 639,880	\$ 5,290,492
Social Infrastructure Systems	848,591	878,829	855,684	7,071,592
Power Systems	564,556	597,794	632,643	4,704,633
Digital Media	614,608	598,894	643,045	5,121,733
Home Appliances	380,628	381,563	417,088	3,171,900
Electronic Devices & Components	1,294,040	1,386,600	1,441,406	10,783,667
Others	942,449	907,652	1,138,414	7,853,742
Corporate and Eliminations	(40,795)	(23,482)	(43,596)	(339,959)
Consolidated	¥ 5,238,936	¥ 5,407,782	¥ 5,724,564	\$ 43,657,800
Depreciation and amortization:				
Information & Communications Systems	¥ 26,626	¥ 34,033	¥ 29,339	\$ 221,883
Social Infrastructure Systems	18,907	25,088	22,030	157,558
Power Systems	11,649	18,153	15,572	97,075
Digital Media	21,054	27,456	27,107	175,450
Home Appliances	18,950	18,646	21,884	157,917
Electronic Devices & Components	126,649	163,141	184,496	1,055,409
Others	37,000	39,722	39,388	308,333
Corporate	—	—	—	—
Consolidated	¥ 260,835	¥ 326,239	¥ 339,816	\$ 2,173,625
Capital expenditures:				
Information & Communications Systems	¥ 23,578	¥ 41,286	¥ 37,571	\$ 196,483
Social Infrastructure Systems	19,496	16,885	11,399	162,467
Power Systems	6,712	10,370	12,467	55,933
Digital Media	21,117	32,460	25,568	175,975
Home Appliances	20,850	21,683	20,713	173,750
Electronic Devices & Components	117,171	210,918	157,879	976,425
Others	47,893	45,230	37,152	399,108
Corporate	—	—	—	—
Consolidated	¥ 256,817	¥ 378,832	¥ 302,749	\$ 2,140,141

GEOGRAPHIC SEGMENTS

Year ended March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2001	2003
Net sales:				
Japan				
Unaffiliated customers	¥ 3,773,309	¥ 3,716,437	¥ 4,168,795	\$ 31,444,242
Intersegment	1,169,802	999,914	1,004,448	9,748,350
Total	4,943,111	4,716,351	5,173,243	41,192,592
North America				
Unaffiliated customers	784,683	728,595	738,294	6,539,025
Intersegment	20,052	86,334	77,994	167,100
Total	804,735	814,929	816,288	6,706,125
Asia				
Unaffiliated customers	563,639	470,518	508,888	4,696,992
Intersegment	521,620	429,904	299,224	4,346,833
Total	1,085,259	900,422	808,112	9,043,825
Europe				
Unaffiliated customers	477,870	426,089	484,721	3,982,250
Intersegment	13,957	13,026	14,269	116,308
Total	491,827	439,115	498,990	4,098,558
Other				
Unaffiliated customers	56,277	52,394	50,659	468,975
Intersegment	1,533	5,220	2,819	12,775
Total	57,810	57,614	53,478	481,750
Eliminations	(1,726,964)	(1,534,398)	(1,398,754)	(14,391,367)
Consolidated	¥ 5,655,778	¥ 5,394,033	¥ 5,951,357	\$ 47,131,483
Operating income (loss):				
Japan	¥ 89,780	¥ (166,231)	¥ 193,258	\$ 748,167
North America	11,722	19,189	6,642	97,683
Asia	24,540	22,844	31,246	204,500
Europe	(3,197)	(128)	5,493	(26,642)
Other	(286)	14	655	(2,383)
Eliminations	(7,017)	10,737	(5,161)	(58,475)
Consolidated	¥ 115,542	¥ (113,575)	¥ 232,133	\$ 962,850
Identifiable assets:				
Japan	¥ 4,403,984	¥ 4,430,716	¥ 4,783,739	\$ 36,699,867
North America	218,782	360,366	413,777	1,823,183
Asia	416,726	434,112	323,183	3,472,717
Europe	202,575	186,900	205,960	1,688,125
Other	30,057	36,061	34,276	250,475
Corporate and Eliminations	(33,188)	(40,373)	(36,371)	(276,567)
Consolidated	¥ 5,238,936	¥ 5,407,782	¥ 5,724,564	\$ 43,657,800

Note: Geographic segment information for the fiscal year ended March 31, 2001 has been reclassified to conform with the fiscal year ended March 31, 2002.

RESEARCH AND DEVELOPMENT

Consolidated R&D expenditures increased 2% from the previous fiscal year to ¥331.5 billion (US\$2,762 million). This was equivalent to 6% of consolidated net sales, virtually unchanged from the previous fiscal year. Principal R&D achievements and expenditures by segment were as follows. In Information & Communication Systems, R&D expenditures were ¥43.6 billion (US\$363 million), mainly for the development of Web acceleration technology and mobile financial transaction technology; in Social Infrastructure Systems, R&D expenditures were ¥33.8 billion (US\$282 million), primarily for the development of airport radar monitoring equipment and DNA chips. In Power Systems, R&D expenditures were ¥18.3 billion (US\$153 million), principally for nuclear reactor inspection technology and electrical power plant distributed control systems. In Digital Media, R&D expenditures were ¥65.7 billion (US\$548 million), chiefly for the development of wireless home media stations and small-form-factor direct-methanol fuel cells (DMFCs) for portable PCs. In Home Appliances, R&D expenditures were ¥19.8 billion (US\$165 million), mainly for the development of non-fluorochloro hydrocarbon (fluorine) refrigerators and "FEMINITY" networked home appliances. In Electronic Devices & Components, R&D expenditures were ¥146.3 billion (US\$1,219 million), primarily for the development of the world's first large-size low-temperature polysilicon LCD that enables display on rounded surfaces, and RISC processors with common key data encryption systems (DES). In the Others segment, R&D expenditures were ¥4.0 billion (US\$33 million), consisting mainly of research carried out at Shibaura Mechatronics Corporation.

CAPITAL EXPENDITURES

Toshiba's basic strategy for capital expenditures is to concentrate the allocation of its management resources in growth fields. Capital expenditures, which included investments in property, plant and equipment of ¥230.5 billion (US\$1,921 million), amounted to ¥256.8 billion (US\$2,140 million), and were made primarily in Electronic Devices & Components and Digital Media.

Capital expenditures in Electronics Devices & Components amounted to ¥117.2 billion (US\$976 million), and were for the development and increased production capacity of semiconductors and LCD displays. Principal facility completions during the fiscal year included manufacturing facilities for AFPD Pte., Ltd., low-temperature polysilicon TFT LCDs, facilities for manufacturing advanced system LSI at Oita Operations, and development facilities for advanced system ULSI at Yokohama Operations.

Capital expenditures in Information & Communication Systems totaled ¥23.6 billion (US\$196 million), and were allocated mainly for the broadcast and network services business.

In Digital Media, capital expenditures amounted to ¥21.1 billion (US\$176 million), and were for the development and manufacturing of new PC and mobile phone-related facilities. Principal facilities completed during the fiscal year included a PC manufacturing facilities for Toshiba Information Equipment (Hangzhou) Co., Ltd.

Capital expenditures amounted to ¥20.9 billion (US\$174 million) for the development and manufacturing of new types of appliances in Home Appliances; ¥19.5 billion (US\$162 million) in Social Infrastructure Systems for the system development and the renovation and upgrading of infrastructure; ¥6.7 billion (US\$56 million) in Power Systems, including for the renovation and upgrading of infrastructure; and ¥47.9 billion (US\$399 million) in Others.

FINANCIAL CONDITION

As of March 31, 2003, total assets amounted to ¥5,238.9 billion (US\$43,658 million), a decrease of ¥168.8 billion from the previous fiscal year-end. Current assets declined ¥53.3 billion year on year to ¥2,621.2 billion (US\$21,843 million). The primary reason for the decrease in current assets included the reduction of inventories, which decreased 9% year on year to ¥629.7 billion (US\$5,247 million) due to the promotion of an "asset-light" program and transfer of the business line. Property, plant and equipment declined ¥155.0 billion year on year to ¥1,199.3 billion (US\$9,994 million) primarily due to capital investment restraints and lease-back transactions.

Deferred tax assets increased ¥113.7 billion year on year to ¥685.6 billion (US\$5,713 million) primarily due to increase in accrued pension and severance costs.

On the liabilities side, current and long-term liabilities decreased ¥20.9 billion year on year to ¥4,491.9 billion (US\$37,433 million). Total interest-bearing liability was reduced by ¥165.1 billion year on year to ¥1,653.4 billion (US\$13,778 million) with the cash flow generated from operations. Accrued pension and severance costs increased ¥241.8 billion year on year to ¥951.0 billion (US\$7,925 million) due to a declined rate of return on plan asset and an amended discount rate for the projected benefit obligation.

Shareholders' equity decreased ¥134.3 billion year on year to ¥571.1 billion (US\$4,759 million) primarily due to the increase in accumulated other comprehensive loss. Accumulated other comprehensive loss increased ¥152.0 billion year on year to ¥450.8 billion (US\$3,756 million) mainly due to an increase in minimum pension liability adjustment. Retained earnings increased ¥18.5 billion year on year to ¥462.1 billion (US\$3,850 million) due to the net income for the year.

CASH FLOWS

Net cash provided by operating activities amounted to ¥271.6 billion (US\$2,263 million), a large increase of ¥122.4 billion from ¥149.2 billion recorded in the previous fiscal year. Despite increased cash outflows resulting from an increase in notes and accounts receivable and inventories, net cash provided by operating activities increased because of a large improvement in net income.

Net cash used in investing activities amounted to ¥148.0 billion (US\$1,233 million), a decrease of ¥177.6 billion from ¥325.6 billion recorded in the previous fiscal year. This was mainly due to decreased capital investments in property, plant and equipment in line with the selective investments and increased cash inflows through the transfer of the DRAM business and sale and leaseback transactions.

Net cash used in financing activities amounted to ¥159.8 billion (US\$1,331 million) compared with ¥53.5 billion in net cash provided by financing activities in the previous fiscal year. This decrease was primarily due to a reduction of interest-bearing liabilities through the reinforcement of cash flow management. Accordingly, the interest-bearing liabilities were reduced by ¥165.1 billion. In addition, the effect of exchange rate changes was to decrease cash by ¥7.2 billion.

As a result, cash and cash equivalents at the fiscal year-end decreased ¥43.3 billion to ¥327.1 billion (US\$2,726 million) compared with ¥370.4 billion recorded in the previous fiscal year.

Principal Subsidiaries and Affiliated Companies

As of March 31, 2003

Percentage held by Group

Consolidated Subsidiaries:		Affiliated Companies:	
Japan		Japan	
Harison Toshiba Lighting Corporation	70	Flash Vision	50
Toshiba Battery Co., Ltd.	100	MT Picture Display Co., Ltd.	36
Toshiba Building Co., Ltd.	100	TM T&D Corporation	50
Toshiba Elevator and Building Systems Corporation	80	Toshiba Ceramics Co., Ltd.	41
Toshiba Information Systems (Japan) Corporation	88	Toshiba Machine Co., Ltd.	48
Toshiba Logistics Corporation	100	Toshiba Tungaloy Co., Ltd.	38
Toshiba Matsushita Display Technology Co., Ltd.	60		
Toshiba Plant Kensetsu Co., Ltd.	56		
Toshiba TEC Corporation	51		
U.S.A.			
Toshiba America Consumer Products, Inc.	100		
Toshiba America Electronic Components, Inc.	100		
Toshiba America Information Systems, Inc.	100		
Toshiba America, Inc.	100		
Brazil			
Toshiba do Brasil, S.A.	100		
Philippines			
Toshiba Information Equipment (Philippines), Inc.	100		
Malaysia			
Toshiba Electronics Malaysia Sdn. Bhd.	100		
Singapore			
AFPD Pte., Ltd.	100		
TEC Singapore Electronics Pte., Ltd.	100		
Toshiba Electronics Asia (Singapore) Pte., Ltd.	100		

CONSOLIDATED BALANCE SHEETS

Toshiba Corporation and its subsidiaries

As of March 31, 2003 and 2002

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	
Current assets:			2003
Cash and cash equivalents	¥ 327,098	¥ 370,432	\$ 2,725,817
Notes and accounts receivable, trade—			
Notes (Note 5)	107,920	136,890	899,333
Accounts (Note 5)	1,007,396	976,037	8,394,967
Allowance for doubtful notes and accounts	(25,776)	(26,780)	(214,800)
Finance receivables, net (Note 5)	166,190	190,912	1,384,917
Inventories (Note 6)	629,659	693,350	5,247,158
Deferred tax assets (Note 15)	143,087	84,402	1,192,392
Prepaid expenses and other current assets (Note 5)	265,642	249,284	2,213,683
Total current assets	2,621,216	2,674,527	21,843,467
Long-term receivables and investments:			
Long-term receivables (Note 5)	27,153	14,523	226,275
Long-term finance receivables, net (Note 5)	260,361	313,058	2,169,675
Investments in and advances to affiliates (Note 7)	186,685	132,974	1,555,708
Marketable securities and other investments (Note 4)	209,374	230,300	1,744,784
	683,573	690,855	5,696,442
Property, plant and equipment (Note 9):			
Land	174,701	175,682	1,455,842
Buildings	1,116,868	1,168,861	9,307,233
Machinery and equipment	2,670,750	2,712,073	22,256,250
Construction in progress	37,642	92,594	313,683
	3,999,961	4,149,210	33,333,008
Less—Accumulated depreciation	(2,800,676)	(2,794,888)	(23,338,967)
	1,199,285	1,354,322	9,994,041
Deferred tax assets (Note 15)	542,507	487,524	4,520,892
Other assets (Note 8)	192,355	200,554	1,602,958
	¥5,238,936	¥5,407,782	\$43,657,800

The accompanying notes are an integral part of these statements.

Liabilities and shareholders' equity	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Current liabilities:			
Short-term borrowings (Note 9)	¥ 427,969	¥ 658,854	\$ 3,566,408
Current portion of long-term debt (Note 9)	343,373	270,924	2,861,442
Notes payable, trade	107,817	140,879	898,475
Accounts payable, trade	874,153	837,141	7,284,608
Accounts payable, other and accrued expenses	269,885	340,232	2,249,042
Accrued income and other taxes	49,934	36,768	416,117
Advance payments received	243,187	273,107	2,026,558
Other current liabilities (Note 22)	302,459	314,588	2,520,492
Total current liabilities	2,618,777	2,872,493	21,823,142
Long-term liabilities:			
Long-term debt (Note 9)	882,026	888,755	7,350,217
Accrued pension and severance costs (Note 10)	950,997	709,233	7,924,975
Other liabilities	40,127	42,324	334,391
	1,873,150	1,640,312	15,609,583
Minority interest in consolidated subsidiaries (Note 16)	175,945	189,663	1,466,208
Shareholders' equity (Note 17)			
Common stock, without par value:			
Authorized—10,000,000,000 shares			
Issued and outstanding:			
2003 and 2002—3,219,027,165 shares	274,926	274,926	2,291,050
Additional paid-in capital	285,736	285,736	2,381,133
Retained earnings	462,058	443,555	3,850,484
Accumulated other comprehensive loss	(450,775)	(298,792)	(3,756,458)
Treasury stock, at cost:			
2003—2,269,483 shares	(881)	—	(7,342)
2002—225,288 shares	—	(111)	—
	571,064	705,314	4,758,867
Commitments and contingent liabilities (Notes 21 and 22)	¥5,238,936	¥5,407,782	\$43,657,800

CONSOLIDATED STATEMENTS OF OPERATIONS

Toshiba Corporation and its subsidiaries

For the years ended March 31, 2003 and 2002

	Millions of yen	2002	Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Sales and other income:			
Net sales	¥5,655,778	¥5,394,033	\$47,131,483
Interest and dividends	13,381	14,704	111,509
Other income (Notes 4, 5, and 23)	65,937	59,100	549,475
	5,735,096	5,467,837	47,792,467
Costs and expenses:			
Cost of sales (Notes 11 and 19)	4,146,460	4,070,130	34,553,833
Selling, general and administrative (Notes 8, 11, 12, and 19)	1,393,776	1,437,478	11,614,800
Restructuring charges (Note 14)	10,906	208,954	90,883
Interest	24,257	29,891	202,142
Other expense (Notes 4, 5, 13, and 23)	106,574	98,071	888,117
	5,681,973	5,844,524	47,349,775
Income (loss) before income taxes, minority interest and equity in earnings of affiliates			
	53,123	(376,687)	442,692
Income taxes (Note 15):			
Current	50,986	36,185	424,883
Deferred	(2,454)	(150,100)	(20,450)
	48,532	(113,915)	404,433
Income (loss) before minority interest and equity in earnings of affiliates			
	4,591	(262,772)	38,259
Minority interest in income (loss) of consolidated subsidiaries			
	(11,330)	(6,315)	(94,417)
Income (loss) before equity in earnings of affiliates			
	15,921	(256,457)	132,676
Equity in earnings of affiliates (Note 7)			
	2,582	2,440	21,516
Net income (loss)			
	¥ 18,503	¥ (254,017)	\$ 154,192

	Yen	U.S. dollars (Note 3)
	¥ 5.75	\$ 0.048
Basic and diluted net income (loss) per share	¥ 5.75	\$ 0.048
Weighted-average number of shares used in calculation of earnings per share (thousands of shares)	3,217,979	3,218,951
Cash dividends per share (Note 17)	¥ 3.00	—
	¥ 3.00	\$ 0.025

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Toshiba Corporation and its subsidiaries

For the years ended March 31, 2003 and 2002

	Millions of yen				
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock
					Total
Balance at March 31, 2001	¥ 274,921	¥ 285,732	¥ 713,667	¥ (226,395)	¥1,047,925
Conversion of convertible debentures	5	4			9
Comprehensive income (loss):					
Net loss			(254,017)		(254,017)
Other comprehensive income (loss), net of tax (Note 17)—					
Unrealized gains on securities (Note 4)			(3,542)		(3,542)
Foreign currency translation adjustments			13,987		13,987
Minimum pension liability adjustment (Note 10)			(80,754)		(80,754)
Unrealized losses on derivative instruments			(2,088)		(2,088)
Comprehensive loss					(326,414)
Cash dividends			(16,095)		(16,095)
Purchase of treasury stock, at cost				¥(111)	(111)
Balance at March 31, 2002	274,926	285,736	443,555	(298,792)	(111) 705,314
Comprehensive income (loss):					
Net income			18,503		18,503
Other comprehensive income (loss), net of tax (Note 17)—					
Unrealized gains on securities (Note 4)			(9,550)		(9,550)
Foreign currency translation adjustments			(17,638)		(17,638)
Minimum pension liability adjustment (Note 10)			(125,130)		(125,130)
Unrealized losses on derivative instruments			335		335
Comprehensive loss					(133,480)
Purchase of treasury stock, at cost				(770)	(770)
Balance at March 31, 2003	¥ 274,926	¥ 285,736	¥ 462,058	¥ (450,775)	¥ (881) ¥ 571,064
	Thousands of U.S. dollars (Note 3)				
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock
					Total
Balance at March 31, 2002	\$2,291,050	\$2,381,133	\$3,696,292	\$ (2,489,933)	\$ (925) \$5,877,617
Comprehensive income (loss):					
Net income			154,192		154,192
Other comprehensive income (loss), net of tax (Note 17)—					
Unrealized gains on securities (Note 4)			(79,583)		(79,583)
Foreign currency translation adjustments			(146,983)		(146,983)
Minimum pension liability adjustment (Note 10)			(1,042,751)		(1,042,751)
Unrealized losses on derivative instruments			2,792		2,792
Comprehensive loss					(1,112,333)
Purchase of treasury stock, at cost				(6,417)	(6,417)
Balance at March 31, 2003	\$2,291,050	\$2,381,133	\$3,850,484	\$ (3,756,458)	\$ (7,342) \$4,758,867

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Toshiba Corporation and its subsidiaries
For the years ended March 31, 2003 and 2002

	Millions of yen	2003	2002	Thousands of U.S. dollars (Note 3)
		2003	2002	2003
Cash flows from operating activities				
Net income (loss)	¥ 18,503	¥(254,017)	\$ 154,192	
Adjustments to reconcile net income (loss) to net cash provided by operating activities—				
Depreciation and amortization	260,835	326,239	2,173,625	
Provisions for pension and severance costs, less payments	20,296	(45,621)	169,133	
Deferred income tax benefit	(2,454)	(150,100)	(20,450)	
Equity in income of affiliates	(2,582)	(2,440)	(21,516)	
Loss from sales, disposal and impairment of property and securities, net	30,337	94,579	252,808	
Minority interest in loss of consolidated subsidiaries	(11,330)	(6,315)	(94,417)	
(Increase) decrease in notes and accounts receivable, trade	(13,520)	118,775	(112,667)	
Decrease in finance receivables, net	2,538	32,056	21,150	
Decrease in inventories	17,856	141,137	148,800	
(Increase) decrease in other current assets	(35,299)	4,354	(294,158)	
(Increase) decrease in long-term receivables	(15,283)	4,366	(127,358)	
Decrease in long-term finance receivables, net	52,697	28,434	439,142	
Increase (decrease) in notes and accounts payable, trade	6,392	(108,060)	53,267	
Increase (decrease) in accrued income and other taxes	13,183	(19,038)	109,858	
Decrease in advance payments received	(16,860)	(16,964)	(140,500)	
(Decrease) increase in accounts payable and other liabilities	(53,706)	1,780	(447,551)	
Net cash provided by operating activities	271,603	149,165	2,263,358	
Cash flows from investing activities				
Proceeds from sale of property	151,319	65,604	1,260,992	
Proceeds from sale of securities	13,897	29,714	115,808	
Acquisition of property and equipment	(249,253)	(364,671)	(2,077,108)	
Purchase of securities	(22,557)	(39,489)	(187,975)	
(Increase) decrease in investments in affiliates	(12,409)	4,956	(103,408)	
Increase in other assets and other	(28,985)	(21,693)	(241,542)	
Net cash used in investing activities	(147,988)	(325,579)	(1,233,233)	
Cash flows from financing activities				
Proceeds from long-term debt	363,086	322,941	3,025,716	
Repayment of long-term debt	(280,965)	(420,726)	(2,341,375)	
(Decrease) increase in short-term borrowings	(238,600)	114,913	(1,988,333)	
Dividends paid	(2,428)	(16,045)	(20,233)	
Proceeds from stock offering by subsidiaries	525	52,523	4,375	
Repurchase of subsidiary common stock from minority shareholder	(604)	—	(5,033)	
Purchase of treasury stock	(770)	(111)	(6,417)	
Net cash (used in) provided by financing activities	(159,756)	53,495	(1,331,300)	
Effect of exchange rate changes on cash and cash equivalents	(7,193)	5,756	(59,941)	
Net decrease in cash and cash equivalents	(43,334)	(117,163)	(361,116)	
Cash and cash equivalents at beginning of year	370,432	487,595	3,086,933	
Cash and cash equivalents at end of year	¥327,098	¥ 370,432	\$ 2,725,817	
Supplemental disclosure of cash flow information (Note 23)				
Cash paid during the year for—				
Interest	¥ 31,932	¥ 39,347	\$ 266,100	
Income taxes	¥ 43,094	¥ 55,340	\$ 359,117	

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Toshiba Corporation and its subsidiaries

1.

DESCRIPTION OF BUSINESS

Toshiba Corporation and its subsidiaries (the "Company") is engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which span (1) information & communications systems, (2) social infrastructure systems, (3) power systems, (4) digital media, (5) home appliances, (6) electronic devices & components, and (7) others. For the year ended March 31, 2003, sales of digital media products represented the most significant portion of the Company's total sales or approximately 26 percent. Electronic devices & components represented approximately 20 percent of the Company's total sales, while sales of information & communications systems and social infrastructure systems were approximately equal in amount, each representing approximately 15 percent of the Company's total sales. Sales of home appliances and power systems represented approximately 10 percent of the Company's total sales. The Company's products are manufactured and marketed throughout the world with 59 percent of sales in Japan and the remainder in North America, Asia, Europe and other parts of the world.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

Toshiba Corporation and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books of account.

Basis of Consolidation and Investments in Affiliates

The consolidated financial statements include the accounts of Toshiba Corporation and those of its majority owned subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

Investments in affiliates in which the ability to exercise significant influence exists are stated at cost plus equity in undistributed earnings (losses). Net consolidated income (loss) includes the Company's equity in the current net earnings (losses) of such companies, after elimination of unrealized intercompany profits.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

All highly liquid investments with original maturities of three months or less at the date of purchase are considered to be cash equivalents.

Foreign Currency Translation

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in a local currency environment are translated into Japanese yen at applicable current exchange rates at year end. Income and expense items are translated at average exchange rates prevailing during the year. The effects of these translation adjustments are included in other comprehensive income (loss) and reported as a component of shareholders' equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in other expenses in the consolidated statements of operations.

Allowance for Uncollectible Receivables

An allowance for uncollectible trade receivables is recorded based on a combination of the write-off history, aging analysis, and an evaluation of any specific known troubled accounts. When all collection options are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible and charged against the allowance. An allowance for uncollectible finance receivables is provided based on past loss experience and the estimation of value of the underlying collateral.

Marketable Securities and Other Investments

The Company classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of taxes. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary declines in carrying value based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Company's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Company recognizes an impairment loss to the extent of such decline.

Inventories

Raw materials, finished products and work in process for stock sales items are stated at the lower of cost or market, cost being determined principally by the average method. Finished products and work in process for contract items

are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs. In accordance with general industry practice, items with long manufacturing periods are included among inventories even when not realizable within one year.

Depreciable Assets

Property, plant and equipment, including significant renewals and additions, are carried at cost. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred. Certain costs incurred in connection with developing or obtaining internal use software are capitalized. These costs consist of payments made to third parties and the salaries of employees working on such software development and are included under the caption Other assets in the accompanying consolidated balance sheets.

Depreciation for property, plant and equipment is computed generally by the declining-balance method at rates based on the following estimated useful lives of the assets: buildings, 3 to 50 years; machinery and equipment, 2 to 20 years. Software is depreciated mainly using the straight-line method over the estimated useful life of the asset, which is generally less than 5 years.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and intangible assets with indefinite lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered held and used until disposed of.

Intangible Assets

Intangible assets, mainly consisting of technical license fees, are amortized over the contractual periods or the estimated useful lives on a straight-line basis without residual values. Weighted average amortization period for these intangible assets was 5.3 years as of March 31, 2003. The Company reviews the carrying amount of indefinite lived intangible assets for impairment whenever events or circumstances indicates that the carrying amount may not be recoverable.

Income Taxes

The provision (benefit) for income taxes is computed based on the pre-tax income (loss) included in the consolidated statements of operations. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change is enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Accrued Pension and Severance Costs

The Company has various retirement benefit plans covering substantially all employees. Current service costs of the retirement benefit plans are accrued in the period. The unrecognized net obligation existing at initial application of Statement of Financial Accounting Standards ("SFAS") No. 87 and prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of employees expected to receive benefits.

Additional Paid-in Capital

Under the Japanese Commercial Code, the entire amount of the issue price of shares is required to be accounted for in the common stock account although a company in Japan may, by a resolution of its board of directors, account for an amount not exceeding one-half of the issue price of the shares as additional paid-in capital.

Issuance of Stock by a Subsidiary

When a subsidiary issues stock to an unrelated third party, the Company's ownership interest in the subsidiary decreases; however, if the price per share is more or less than the Company's average carrying amount per share, the Company is required to adjust the carrying amount of its investment in the subsidiary. The Company recognizes such gains or losses in income for the year in which the change in ownership interest occurs.

For the year ended March 31, 2002, a subsidiary sold its newly-issued common stock to a third party investor. In connection with this transaction, the Company recognized a gain of ¥9,185 million and deferred taxes on this gain of ¥3,867 million.

Net Income per Share

Basic net income per share (EPS) is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS assumes the dilution that could occur if dilutive convertible debentures were converted into common stock, unless their inclusion would have an antidilutive effect.

Revenue Recognition

Revenue of mass-produced standard products is recognized when there is persuasive evidence of an arrangement, the product has been delivered, the sales price is fixed or determinable, and collectibility is reasonably assured. Mass-produced standard products are considered delivered to customers once they have been shipped, and the title and risk of loss have transferred.

Revenue from services is recognized as the services are provided.

Revenue from development of custom software products is recognized when the software products have been delivered and accepted by the customer.

Revenue related to equipment that requires installation is recognized upon the completion of the installation of the equipment.

Revenue under long-term contracts is recorded under the percentage of completion method. To measure the extent of progress toward completion, the Company generally compares the costs incurred to date to estimated total costs to complete based upon the most recent available information.

Revenues from the sale of equipment under sales-type leases are recognized at the inception of the lease. Interest on sales-type leases and direct financing leases is recognized to produce a constant periodic rate of return on the net investment in the lease. Leases not qualifying as sales-type lease or direct financing lease are accounted for as operating leases and related revenues are recognized over the lease term.

Shipping and Handling Costs

The Company includes shipping and handling costs which totaled ¥88,760 million (\$739,667 thousand) and ¥88,332 million for the years ended March 31, 2003 and 2002, respectively in selling, general and administrative expenses.

Derivative Financial Instruments

The Company uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements, and currency options for the purpose of currency exchange rate and interest rate risk management. Refer to Note 18 for descriptions of these financial instruments.

The Company recognizes all derivative financial instruments, such as forward exchange contracts, interest rate swap agreements, currency swap agreements, and currency options in the consolidated financial statements at fair value regardless of the purpose or intent for holding the derivative financial instruments. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in fair value of derivative financial instruments accounted for as cash flow hedges, to the extent they are effective as a hedge, are recorded in other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

Sales of Receivables

The Company enters into transactions to sell certain trade accounts receivable, trade notes receivable and finance receivables. The Company may retain certain interests in these transactions. Gain or loss on the sale of receivables is computed based on the allocated carrying amount of the receivables sold. Retained interests are recorded at the allocated carrying value of the assets based on their relative fair values at the date of sale. The Company estimates fair value based on the present value of future expected cash flows less credit losses.

Guarantees

Effective January 1, 2003, the Company adopted the Financial Accounting Statements Board ("FASB") Interpretation No. 45 ("FIN 45"), *Guarantor's Accounting and Disclosure Requirements for Guarantees*. FIN 45 requires a company to recognize, at the inception of a guarantee, a liability for the fair value of the obligation it has undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Company's financial position and results of operations.

Recent Pronouncements

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2002. The Statement requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt SFAS No. 143 on April 1, 2003. The Company is currently evaluating the impact of adoption of SFAS No. 143 on the Company's financial position and the results of operations.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities*, which addresses consolidation by business enterprises of variable interest entities ("VIEs") that either: (1) do not have a sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) the equity investors lack an essential characteristic of a controlling financial interest. FIN 46 requires disclosure of VIEs in financial statements initially issued after January 31, 2003, if it is reasonably possible that as of the transition date: (1) the company will be the primary beneficiary of an existing VIE that will require consolidation or, (2) the company will hold a significant variable interest in an existing VIE. Pursuant to the transitional requirements of FIN 46, such disclosures are provided in Note 20. Any VIEs created after January 31, 2003 are immediately subject to the consolidation guidance in FIN 46. The Company will adopt the consolidation guidance applicable to existing VIEs in the interim reporting period ending September 30, 2003. In accordance with FIN 46, the Company is currently reviewing the existing VIEs to determine if consolidation is required.

Reclassifications

Certain reclassifications to the prior year's consolidated financial statements and related footnote amounts have been made to conform to the presentation for the current year.

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥120 = U.S.\$1, the approximate current rate of exchange at March 31, 2003, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities classified as available-for-sale securities by security type at March 31, 2003 and 2002 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2003:				
Equity securities	¥75,830	¥ 36,896	¥ 6,985	¥105,741
Debt securities	1,994	3	32	1,965
	¥77,824	¥ 36,899	¥ 7,017	¥107,706
March 31, 2002:				
Equity securities	¥84,601	¥ 50,952	¥ 6,553	¥129,000
Debt securities	2,365	—	9	2,356
	¥86,966	¥ 50,952	¥ 6,562	¥131,356
Thousands of U.S. dollars				
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2003:				
Equity securities	\$631,916	\$307,467	\$58,208	\$881,175
Debt securities	16,617	25	267	16,375
	\$648,533	\$307,492	\$58,475	\$897,550

At March 31, 2003, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale were as follows at March 31, 2003:

	Millions of yen		Thousands of U.S. dollars	
	Cost	Fair value	Cost	Fair value
Due within one year	¥ 25	¥ 28	\$ 208	\$ 233
Due after one year	1,969	1,937	16,409	16,142
	¥ 1,994	¥ 1,965	\$16,617	\$ 16,375

The proceeds from sales of available-for-sale securities for the years ended March 31, 2003 and 2002 were ¥13,897 million (\$115,808 thousand) and ¥29,714 million, respectively. The gross realized gains on those sales for the years ended March 31, 2003 and 2002 were ¥3,347 million (\$27,892 thousand) and ¥9,474 million, respectively. The gross realized losses on those sales for the years ended March 31, 2003 and 2002 were ¥934 million (\$7,783 thousand) and ¥644 million, respectively.

Included in other expense is a charge of ¥21,292 million (\$177,433 thousand) and ¥27,572 million related to other-than-temporary declines in the marketable and non-marketable equity securities for the years ended March 31, 2003 and 2002 respectively.

5. FINANCE RECEIVABLES AND SECURITIZATIONS

Investment in financing leases consists of sales-type and direct financing leases mainly for information systems, medical equipment, industrial equipment and others.

Other finance receivables represent transactions in a variety of forms, including commercial loans, and installment sales of consumer products manufactured by the Company.

Finance receivables comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2003	2002	
Investment in financing leases:			
Total minimum lease payments receivable	¥231,871	¥286,019	\$1,932,258
Estimated executory costs	(4,256)	(10,471)	(35,467)
Unearned income	(11,214)	(11,771)	(93,450)
Estimated residual values	—	2,417	—
	216,401	266,194	1,803,341

Less—allowance for doubtful accounts	(925)	(1,161)	(7,708)
	215,476	265,033	1,795,633
Less—current portion	(64,320)	(81,464)	(536,000)
	¥151,156	¥183,569	\$1,259,633
Other finance receivables	¥224,426	¥250,223	\$1,870,217
Less—allowance for doubtful accounts	(13,351)	(11,286)	(111,258)
	211,075	238,937	1,758,959
Less—current portion	(101,870)	(109,448)	(848,917)
	¥109,205	¥129,489	\$ 910,042

At March 31, 2003, the contractual maturities of minimum lease payments of the investment in financing leases and the other finance receivables are as follows:

Year ending March 31	Investment in financing leases		Other finance receivables	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2004	¥ 69,894	\$ 582,450	¥106,646	\$ 888,717
2005	70,313	585,942	47,126	392,717
2006	49,423	411,858	25,632	213,600
2007	28,904	240,867	15,604	130,033
2008	12,468	103,900	9,496	79,133
Thereafter	869	7,241	19,922	166,017
	¥231,871	\$1,932,258	¥224,426	\$1,870,217

The Company has transferred trade accounts receivable, trade notes receivable and finance receivables under several securitization programs. These securitization transactions are accounted for as a sale in accordance with SFAS No. 140, because the Company has relinquished control of the receivables. Accordingly, the receivables sold under these facilities are excluded from receivables in the accompanying consolidated balance sheets.

Upon the sale of receivables, the Company holds subordinated retained interests for certain trade account receivable, trade notes receivable and finance receivables. A portion of these receivables, where the Company holds subordinated retained interests, are not taken off the balance sheet and are recorded at their fair value. Such carrying value is adjusted to reflect the portion that is not expected to be collectible. As of March 31, 2003 and 2002, the fair value of retained interest is ¥28,579 million (\$238,158 thousand) and ¥31,617 million, respectively. The Company recognized losses of ¥1,210 million (\$10,083 thousand) and gains of ¥669 million on the securitizations of receivables for the years ended March 31, 2003 and 2002, respectively.

Subsequent to sale, the Company retains collection and administrative responsibilities for the receivables. Servicing fees received by the Company approximated the prevailing market rate. Related servicing assets or liabilities are immaterial to the Company's financial position.

The table below summarizes certain cash flows received from and paid to the securitization SPEs on the above transactions.

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2003	2002	
Proceeds from new securitizations	¥1,068,072	¥876,660	\$8,900,600
Servicing fees received	458	447	3,817
Cash flows received on retained interests	83,240	133,953	693,667
Purchases of delinquent and foreclosed receivables	16	487	133

At March 31, 2003, key economic assumptions used to compute the fair value of retained interests are as follows:

	Accounts Receivables	Note Receivables	Lease Receivables	Other Finance Receivables
Weighted-average life (in years)	0.15	0.18	1.95	0.13
Residual cash flows discount rate	1.40%	0.52%–0.63%	1.50%–2.70%	0.45%–0.85%

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2003 and 2002 are as follows:

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31,				Year ended March 31,	
	2003	2002	2003	2002	2003	2002
Accounts receivables	¥1,105,353	¥1,106,036	¥23,047	¥23,090	¥3,928	¥3,874
Note receivables	213,105	199,176	18	16	301	382
Lease receivables	340,683	352,523	1,290	1,104	—	—
Other finance receivables	359,590	350,558	6,105	5,574	—	—
Total managed portfolio	¥2,018,731	¥2,008,293	¥30,460	¥29,784	¥4,229	¥4,256
Securitized receivables	(449,711)	(376,873)				
Total receivables	¥1,569,020	¥1,631,420				

	Thousands of U.S. dollars		
	Total principal amount of receivables		Amount 90 days or more past due
	March 31, 2003		Year ended March 31, 2003
Accounts receivables	\$ 9,211,275		\$192,058
Note receivables	1,775,875		150
Lease receivables	2,839,025		10,750
Other finance receivables	2,996,584		50,875
Total managed portfolio	¥16,822,759		\$253,833
Securitized receivables	(3,747,592)		
Total receivables	¥13,075,167		

6. INVENTORIES

Inventories comprise the following:

March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2003	
Finished products	¥256,299	¥280,178	¥2,135,825	
Work in process:				
Long-term contracts	90,387	128,486	753,225	
Other	175,431	163,782	1,461,925	
Raw materials	107,542	120,904	896,183	
	¥629,659	¥693,350	¥5,247,158	

7. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company's significant investments in affiliated companies accounted for by the equity method together with the percentage of the Company's ownership of voting shares at March 31, 2003 are: TM T&D Corporation ("TM T&D") (50.0%); MT Picture Display Co., Ltd. ("MTPD") (35.5%); Topcon Corporation (41.9%); Toshiba Ceramics Co., Ltd. (41.4%); Toshiba Machine Co., Ltd. (47.7%); and Toshiba Tungaloy Co., Ltd. (38.3%). Of the affiliates which are accounted for by the equity method, the investment in common stock of the listed companies (five companies) is carried at ¥59,974 million (\$499,783 thousand) and ¥60,174 million at March 31, 2003 and 2002, respectively. The Company's investments in these companies had a market value of ¥49,022 million (\$408,517 thousand) and ¥58,330 million at March 31, 2003 and 2002, respectively, based on quoted market prices at those dates.

Summarized financial information of the affiliates accounted for by the equity method is shown below:

March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2003	
Current assets	¥ 689,175	¥450,226	¥5,743,125	
Other assets including property, plant and equipment	409,779	262,323	3,414,825	
Total assets	¥1,098,954	¥712,549	¥9,157,950	
Current liabilities	¥ 490,717	¥323,950	¥4,089,309	
Long-term liabilities	100,369	66,072	836,408	
Shareholders' equity	507,868	322,527	4,232,233	
Total liabilities and shareholders' equity	¥1,098,954	¥712,549	¥9,157,950	

Year ended March 31	Millions of yen			Thousands of U.S. dollars
	2003	2002	2003	
Sales	¥770,347	¥614,580	¥6,419,558	
Net income (loss)	¥ (3,580)	¥ 11,002	\$(29,833)	

A summary of transactions and balances with the affiliates accounted for by the equity method is presented below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2003	2002	2003
Sales	¥79,274	¥22,164	\$660,617
Purchases	¥73,455	¥63,355	\$612,125
	Millions of yen		Thousands of U.S. dollars
March 31	2003	2002	2003
Notes and accounts receivable, trade	¥25,544	¥15,033	\$212,867
Other receivables	¥ 6,383	¥ 3,349	\$ 53,192
Notes and accounts payable, trade	¥28,633	¥44,618	\$238,608
Other payables	¥ 7,900	¥ 5,475	\$ 65,833

8.

INTANGIBLE ASSETS

Intangible assets comprise mainly technical license fees and are subject to amortization. At March 31, 2003, gross carrying amounts and related accumulated amortization were ¥90,139 million (\$751,158 thousand) and ¥53,110 million (\$442,583 thousand), respectively. At March 31, 2002, gross carrying amounts and related accumulated amortization were ¥82,381 million and ¥41,223 million, respectively. For the years ended March 31, 2003 and 2002, amortization expense was ¥15,179 million (\$126,492 thousand) and ¥16,174 million, respectively. Estimated amortization expense for each of the five years ending March 31 is: ¥12,651 million (\$105,425 thousand) in 2004, ¥10,957 million (\$91,308 thousand) in 2005, ¥6,974 million (\$58,117 thousand) in 2006, ¥3,168 million (\$26,400 thousand) in 2007, and ¥961 million (\$8,008 thousand) in 2008.

9.

SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2003 and 2002 comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Loans, principally from banks, including bank overdrafts, with weighted-average interest rate of 0.77% at March 31, 2003 and 0.84% at March 31, 2002:			
Secured	¥ 2,645	¥ 3,516	\$ 22,042
Unsecured	352,048	456,510	2,933,733
Commercial paper with weighted-average interest rate of 0.04% at March 31, 2003 and 0.15% at March 31, 2002	35,000	168,693	291,667
Euro yen or U.S. dollar medium-term notes of a subsidiary, with weighted-average interest rate of 0.16% at March 31, 2003 and 0.36% at March 31, 2002 (swapped for floating rate (LIBOR, etc.) or fixed rate U.S. dollar, yen or Euro obligations)	38,276	30,135	318,966
	¥427,969	¥658,854	\$3,566,408

Substantially all of the short-term borrowings are with banks which have written basic agreements with the Company to the effect that, with respect to all present or future loans with such banks, the Company shall provide collateral (including sums on deposit with such banks) or guarantors immediately upon the bank's request and that any collateral furnished pursuant to such agreements or otherwise will be applicable to all indebtedness to such banks.

At March 31, 2003, the Company had unused committed lines of credit from short-term financing arrangements aggregating ¥542,235 million (\$4,518,625 thousand), of which ¥21,035 million (\$175,292 thousand) was in support of the Company's commercial paper. The lines of credit expire on various dates from July 2003 through April 2004. Under the agreements, the Company is required to pay commitment fees ranging from 0.1 percent to 0.2 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2003 and 2002 comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars 2003
	2003	2002	
Loans, principally from banks and insurance companies, due 2003 to 2034 with weighted average interest rate of 1.15% at March 31, 2003 and due 2002 to 2034 with weighted average interest rate of 1.20% at March 31, 2002:			
Secured	¥ 11,233	¥ 19,268	\$ 93,608
Unsecured	597,895	574,838	4,982,459
Unsecured yen bonds, due 2003 to 2008 with interest ranging from 0.49% to 3.025% at March 31, 2003 and due 2002 to 2008 with interest ranging from 0.60% to 3.025% at March 31, 2002	475,667	420,622	3,963,892
Euro yen medium-term notes, due 2003 to 2008 with interest ranging from zero % to 2.34% at March 31, 2003 and due 2002 to 2008 with interest ranging from zero % to 2.34% at March 31, 2002 (swapped for floating rate (LIBOR, etc.) or fixed rate yen obligations)	28,525	39,375	237,708
Unsecured yen bonds of subsidiaries, due 2004 with interest ranging from 1.69% to 3.00% at March 31, 2003 and due 2002 to 2004 with interest ranging from 0.95% to 3.00% at March 31, 2002	12,000	14,000	100,000
1.825% secured yen bonds of a subsidiary due 2004	300	300	2,500
Euro yen or U.S. dollar medium-term notes of subsidiaries, due 2003 to 2012 with interest ranging from 0.09% to 3.70% at March 31, 2003 and due 2002 to 2012 with interest ranging from zero % to 4.00% at March 31, 2002 (swapped for floating rate (LIBOR, etc.) U.S. dollar, Yen or Euro obligations)	96,959	88,456	807,992
Zero % unsecured yen convertible debentures of a subsidiary due 2004 convertible currently at ¥803 per share	2,820	2,820	23,500
Less—Portion due within one year	1,225,399 (343,373)	1,159,679 (270,924)	10,211,659 (2,861,442)
	¥ 882,026	¥ 888,755	\$ 7,350,217

Certain of the secured loan agreements contain provisions, which permit the lenders to require additional collateral. Substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantors for such loans. Certain of the secured and unsecured loan agreements require prior approval by the banks and trustees before any distributions (including cash dividends) may be made from current or retained earnings.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2003 are property, plant and equipment with a book value of ¥53,030 million (\$441,917 thousand).

The aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 343,373	\$ 2,861,442
2005	228,053	1,900,442
2006	287,028	2,391,900
2007	119,295	994,125
2008	127,395	1,061,625
Thereafter	120,255	1,002,125
	¥1,225,399	\$10,211,659

All employees whose services with the Company are terminated are usually entitled to lump-sum severance indemnities determined by reference to their current basic rate of pay, length of service and conditions under which the termination occurs. The obligation for the severance indemnity benefits is provided for through accruals and funding of tax-qualified non-contributory pension plans and contributory trustee employee pension funds.

Toshiba Corporation and certain subsidiaries in Japan have Employees' Pension Fund Plans ("EPFs"), which are contributory defined benefit pension plans under the Japanese Welfare Pension Insurance Law ("JWPIL"). These plans are composed of a substitutional portion which is the obligation related to the government-defined ben-

efit prescribed by JWPIL and a corporate portion based on a contributory defined benefit arrangement established at the discretion of Toshiba Corporation.

Certain subsidiaries in Japan have tax-qualified non-contributory pension plans which cover all or a part of the indemnities payable to qualified employees at the time of termination. The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

For the year ended March 31, 2002, the Company has amended the regulations of the social security benefits portion under the contributory trustee employee pension funds in accordance with the revisions of the JWPIL. This amendment resulted in the reduction of the projected benefit obligations of the funds.

Net periodic pension and severance cost for the years ended March 31, 2003 and 2002 included the following components:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2003	2002	
Service cost—benefits earned during the year	¥ 52,287	¥ 62,687	\$435,725
Interest cost on projected benefit obligation	59,053	61,439	492,108
Expected return on plan assets	(35,546)	(37,864)	(296,217)
Amortization of unrecognized net obligation at transition	12,025	12,025	100,209
Amortization of prior service cost	(5,972)	(4,202)	(49,767)
Recognized actuarial loss	29,184	18,693	243,200
Net periodic pension and severance cost	¥111,031	¥112,778	\$925,258

A weighted-average discount rate of 3.0 percent and 3.5 percent, an expected long-term rate of return on plan assets of 4.0 percent and 4.0 percent, and an assumed rate of increase in salary levels of 1.9 percent and 2.1 percent were used in measuring the pension obligations at March 31, 2003 and 2002, respectively.

The changes in the benefit obligations and plan assets and reconciliations of net amount recognized to funded status and accrued pension and severance costs for the years ended March 31, 2003 and 2002 were as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2003	2002	
Change in benefit obligation:			
Benefit obligation at beginning of year	¥1,816,656	¥1,823,810	\$15,138,800
Service cost	52,287	62,687	435,725
Interest cost	59,053	61,439	492,108
Plan participants' contributions	5,308	8,745	44,233
Plan amendments	25,046	(39,154)	208,717
Actuarial loss	95,969	67,633	799,742
Benefits paid	(102,338)	(169,461)	(852,817)
Divestitures	(14,273)	—	(118,942)
Foreign currency exchange impact	(1,411)	957	(11,758)
Benefit obligation at end of year	¥1,936,297	¥1,816,656	\$16,135,808
Change in plan assets:			
Fair value of plan assets at beginning of year	¥ 988,112	¥ 1,044,142	\$ 8,234,267
Actual return on plan assets	(126,700)	(55,441)	(1,055,834)
Employer contribution	41,627	40,371	346,892
Plan participants' contributions	5,308	8,745	44,233
Benefits paid	(53,972)	(50,648)	(449,767)
Divestitures	(8,191)	—	(68,258)
Foreign currency exchange impact	(1,417)	943	(11,808)
Fair value of plan assets at end of year	¥ 844,767	¥ 988,112	\$ 7,039,725
Funded status	¥1,091,530	¥ 828,544	\$ 9,096,083
Unrecognized actuarial loss	(861,688)	(638,072)	(7,180,733)
Unrecognized net obligation at transition	(36,911)	(49,163)	(307,592)
Unrecognized prior service cost	46,950	78,740	391,250
Net amount recognized	¥ 239,881	¥ 220,049	\$ 1,999,008
Amounts recognized in the consolidated balance sheets consist of:			
Accrued pension and severance costs	¥ 950,997	¥ 709,233	\$ 7,924,975
Accumulated other comprehensive loss, pre-tax	(711,116)	(489,184)	(5,925,967)
Net amounts recognized	¥ 239,881	¥ 220,049	\$ 1,999,008
Accumulated benefit obligation at end of year	¥1,796,972	¥1,696,572	\$14,974,767

In January 2003, the Emerging Issue Task Force reached a consensus on Issue No. 03-2, *Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities* ("EITF 03-2"), which addresses accounting for a transfer to the Japanese government of a substitutional portion of EPFs. In September 2002, the Company received an approval from the Japanese government to transfer the future benefit obligation related to the substitutional portion. In addition, the Company will submit another application to separate the remaining substitutional portion related to past service by its employees. The Company expects to receive final approval from the Japanese government for its second application during the year ending March 31, 2004. Upon receipt of the final approval, the Company will be relieved of all obligations pertaining to the substitutional portion by transferring the benefit obligation and the related government-specified portion of the plan assets which are computed by the Japanese government. The Company will account for the entire process upon completion of the transfer to the Japanese government of the substitutional portion of the benefit obligation and the related plan asset, as the culmination of a series of steps in a single settlement transaction under EITF 03-2. The effect of the completion of the transaction has not yet been determined because the amount of the benefit obligation and the related plan assets to be transferred may change significantly.

11.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are expensed as incurred and amounted to ¥331,494 million (\$2,762,450 thousand) and ¥326,170 million for the years ended March 31, 2003 and 2002, respectively.

12.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses amounted to ¥41,911 million (\$349,258 thousand) and ¥59,390 million for the years ended March 31, 2003 and 2002, respectively.

13.

FOREIGN EXCHANGE GAINS AND LOSSES

For the years ended March 31, 2003 and 2002, the net foreign exchange losses are ¥15,614 million (\$130,117 thousand) and ¥6,682 million, respectively.

14.

RESTRUCTURING CHARGES

During the year ended March 31, 2003, the Company recorded restructuring charges of ¥10,906 million (\$90,883 thousand) principally related to its Display Devices and Components division. Included in the restructuring charges is impairment of manufacturing facilities of ¥7,815 million (\$65,125 thousand) for the year ended March 31, 2003.

During the year ended March 31, 2002, the Company recorded restructuring charges, which consisted of various reorganization costs totaling ¥111,280 million primarily related to the "01 Action Plan," and additional termination benefits for voluntary early retirement of ¥97,674 million.

The reorganization costs of ¥111,280 million comprised the following:

For the year ended March 31, 2002, the Company recorded an impairment loss of ¥55,247 million for assets to be held and used related to machinery and equipment pertaining to memory products. In conjunction with a decision to exit the commodity DRAM business, the Company announced in December 2001 that it would sell Dominion Semiconductor, L.L.C. ("Dominion") to Micron Technology, Inc. ("Micron"). The sale covers all of the assets of Dominion, including its land, buildings and DRAM production equipment. In connection with the sale, certain NAND flash manufacturing equipment was transferred to a Company facility in Japan. Furthermore, the Company determined to liquidate a wholly-owned subsidiary, which had been engaged mainly in the assembly of DRAMs. In connection with such reorganization of the DRAM business, the Company has incurred losses on disposal and impairment for building, machinery and equipment of ¥5,125 million and various other losses including; losses on contract terminations, purchase commitment losses, dismantling costs for machinery and equipment to be disposed of, totaling ¥31,083 million. The Company paid substantially all of the restructuring liabilities during the year ended March 31, 2003. Other reorganization costs of ¥19,825 million mainly related to impairment losses of building, machinery and equipment for other businesses to be discontinued or already discontinued.

The Company recorded a loss of ¥97,674 million with respect to the additional termination benefits for the voluntary early retirement of approximately 8,200 employees under the "01 Action Plan." Substantially all of these additional termination benefits were paid as of March 31, 2002.

Approximately ¥79,993 million of the restructuring charges are non-cash charges. At March 31, 2003, approximately ¥2,365 million (\$19,708 thousand) of restructuring charges remain accrued for by the Company.

15.

INCOME TAXES

The Company is subject to a number of different taxes based on income which, in the aggregate, result in a normal statutory tax rate in Japan of approximately 42.1 percent for the years ended March 31, 2003 and 2002, respectively. Commencing with the year ended March 31, 2003, the Japanese tax regulations permit the filing of a consolidated tax return. In connection with its introduction, a temporary surtax of 2.0 percent is assessed for consolidated tax returns filed for the years ending March 2003 and 2004. Upon the initial filing of a consolidated tax return, net operating loss carryforwards previously generated by a company's subsidiaries will expire. A change in the corporate enterprise tax rate was enacted in March 2003 and is effective for tax periods ending March 31, 2005.

In 2003, Toshiba Corporation applied for and obtained approval from the Japanese tax authorities to file a tax return for the consolidated group starting from the year ending March 2004. As a result of the change in the corporate enterprise tax rate and commencement of the consolidated tax return filing, the Company's normal statutory tax rate will change from 42.1 percent to 43.9 percent for the year ending March 31, 2004 and to 40.9 percent for the years ending on or after March 31, 2005. The effect on deferred tax assets and liabilities of the future change in the tax rates recorded as deferred tax expense for the year ended March 31, 2003 was ¥4,373 million (\$36,442 thousand).

A reconciliation between the reported income tax expense (benefit) and the amount computed by multiplying the income (loss) before income taxes, minority interest and equity in earnings of affiliates by the applicable statutory tax rate is as follows:

	Millions of yen	Thousands of U.S. dollars	
Year ended March 31	2003	2002	2003
Expected income tax expense (benefit)	¥22,365	¥(158,585)	\$186,375
Increase in taxes resulting from:			
Non-deductible expenses for tax purposes	5,076	3,256	42,300
Net changes in valuation allowance	15,571	41,575	129,758
Effect of income tax rate change	4,373	—	36,442
Other	1,147	(161)	9,558
Income tax expense (benefit)	¥48,532	¥(113,915)	\$404,433

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2003 and 2002 are as follows:

	Millions of yen	Thousands of U.S. dollars	
March 31	2003	2002	2003
Gross deferred tax assets:			
Inventories	¥ 24,970	¥ 24,805	\$ 208,083
Accrued pension and severance costs	103,998	97,788	866,650
Tax loss carryforwards	194,248	180,125	1,618,733
Minimum pension liability adjustment	298,303	205,946	2,485,858
Accrued bonus	38,920	27,746	324,333
Depreciation and amortization	34,528	38,793	287,733
Other	107,176	136,165	893,135
	802,143	711,368	6,684,525
Valuation allowance for deferred tax assets	(65,880)	(77,644)	(549,000)
Deferred tax assets	736,263	633,724	6,135,525
Gross deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(12,888)	(15,661)	(107,400)
Unrealized gains on securities	(12,341)	(18,356)	(102,842)
Gain on securities contributed to employee retirement benefit trusts	(17,257)	(17,763)	(143,808)
Other	(16,299)	(17,450)	(135,825)
Deferred tax liabilities	(58,785)	(69,230)	(489,875)
Net deferred tax assets	¥677,478	¥564,494	\$5,645,650

The net changes in the total valuation allowance for the years ended March 31, 2003 and 2002 were a decrease of ¥11,764 million (\$98,033 thousand) and an increase of ¥35,447 million, respectively.

Tax loss carryforwards of the Company at March 31, 2003 amounted to approximately ¥487,788 million (\$4,064,900 thousand), the majority of which will expire during the period from 2004 through 2008. The Company utilized tax loss carryforwards of ¥31,272 million (\$260,600 thousand) to recognize income tax benefits for the current year.

Realization of tax loss carryforwards and other deferred tax assets is dependent on the Company generating sufficient taxable income prior to their expiration or the Company exercising certain available tax strategies. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, less the valuation allowance, will be realized. The amount of such net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Deferred income tax liabilities have not been provided on undistributed earnings of foreign subsidiaries and affiliates deemed indefinitely reinvested in foreign operations. As of March 31, 2003, and 2002, the undistributed earnings of the foreign subsidiaries not subject to deferred tax liabilities were ¥107,328 million (\$894,400 thousand), and ¥103,248 million, respectively. It is not practicable to estimate the amount of the deferred income tax liabilities on such earnings.

16.

ISSUANCE OF PREFERRED STOCK BY A SUBSIDIARY

During the year ended March 31, 2002, a foreign subsidiary issued 35 shares of ¥1,000 million par value redeemable preferred stock totaling ¥35,000 million to the third parties. This preferred stock is included in minority interest in the consolidated subsidiaries. Holders of the preferred stock have no voting rights and are to receive preferred dividends quarterly, based on LIBOR, which currently approximates 1.06 percent per annum.

17.

SHAREHOLDERS' EQUITY

On October 1, 2001, an amendment ("Amendment") to the Japanese Commercial Code became effective. The Amendment eliminates the stated par value of Toshiba Corporation's outstanding shares which results in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that share issuances after September 30, 2001 will be of shares with no par value. Before the Amendment, Toshiba

Corporation's shares had a par value of ¥50 per share.

Retained Earnings

Retained earnings at March 31, 2003 and 2002 include a legal reserve of ¥12,869 million (\$107,242 thousand) and ¥81,815 million, respectively. The Japanese Commercial Code provides that an amount equal to at least 10 percent of cash dividends and other distributions from retained earnings paid by Toshiba Corporation and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25 percent of their respective stated capital. The Japanese Commercial Code also provides that to the extent that the sum of the additional paid-in capital and the legal reserve exceeds 25 percent of the stated capital, the amount of the excess (if any) is available for appropriations by the resolution of the shareholders.

The amount of retained earnings available for dividends is based on Toshiba Corporation's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Japanese Commercial Code. Retained earnings at March 31, 2003 do not reflect year-end dividends of ¥9,656 million (\$80,467 thousand) for the year ended March 31, 2003, which are expected to be formally approved at the general shareholders' meeting held in June 2003, and will be payable subsequently.

Retained earnings at March 31, 2003 included the Company's equity in undistributed earnings of affiliated companies accounted for by the equity method in the amount of ¥45,131 million (\$376,092 thousand).

Accumulated Other Comprehensive Loss

An analysis of the changes in accumulated other comprehensive loss, net of tax, for the years ended March 31, 2003 and 2002 is shown below:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
March 31			
Unrealized gains on securities:			
Balance at beginning of year	¥ 25,186	¥ 28,728	\$ 209,883
Current year change	(9,550)	(3,542)	(79,583)
Balance at end of year	¥ 15,636	¥ 25,186	\$ 130,300
Foreign currency translation adjustments:			
Balance at beginning of year	¥ (41,951)	¥ (55,938)	\$ (349,592)
Current year change	(17,638)	13,987	(146,983)
Balance at end of year	¥ (59,589)	¥ (41,951)	\$ (496,575)
Minimum pension liability adjustment:			
Balance at beginning of year	¥(279,939)	¥(199,185)	\$ (2,332,824)
Current year change	(125,130)	(80,754)	(1,042,751)
Balance at end of year	¥(405,069)	¥(279,939)	\$ (3,375,575)
Unrealized losses on derivative instruments:			
Balance at beginning of year	¥ (2,088)	—	\$ (17,400)
Current year change	335	¥ (2,088)	2,792
Balance at end of year	¥ (1,753)	¥ (2,088)	\$ (14,608)
Total accumulated other comprehensive loss:			
Balance at beginning of year	¥(298,792)	¥(226,395)	\$ (2,489,933)
Current year change	(151,983)	(72,397)	(1,266,525)
Balance at end of year	¥(450,775)	¥(298,792)	\$ (3,756,458)

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2003 and 2002 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2003:			
Unrealized gains on securities:			
Unrealized holding losses arising during year	¥ (28,670)	¥11,717	¥ (16,953)
Less: reclassification adjustment for losses included in net income	12,524	(5,121)	7,403
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(20,363)	(374)	(20,737)
Less: reclassification adjustment for losses included in net income	3,099	—	3,099
Minimum pension liability adjustment	(217,487)	92,357	(125,130)
Unrealized losses on derivative instruments:			
Unrealized losses arising during year	(11,210)	4,784	(6,426)
Less: reclassification adjustment for losses included in net income	11,668	(4,907)	6,761
Other comprehensive income (loss)	¥(250,439)	¥98,456	¥(151,983)

For the year ended March 31, 2002:

Unrealized gains on securities:			
Unrealized holding gains arising during year	¥ 10,052	¥ (4,179)	¥ 5,873
Less: reclassification adjustment for gains included in net loss	(16,233)	6,818	(9,415)
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	14,030	11	14,041
Less: reclassification adjustment for gains included in net loss	(54)	—	(54)
Minimum pension liability adjustment	(139,471)	58,717	(80,754)
Unrealized losses on derivative instruments:			
Unrealized losses arising during year	(13,227)	5,481	(7,746)
Less: reclassification adjustment for losses included in net loss	9,762	(4,104)	5,658
Other comprehensive income (loss)	¥(135,141)	¥62,744	¥(72,397)

Thousands of U.S. dollars

	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2003:			
Unrealized gains on securities:			
Unrealized holding losses arising during year	\$ (238,917)	\$ 97,642	\$ (141,275)
Less: reclassification adjustment for losses included in net income	104,367	(42,675)	61,692
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(169,692)	(3,116)	(172,808)
Less: reclassification adjustment for losses included in net income	25,825	—	25,825
Minimum pension liability adjustment	(1,812,392)	769,641	(1,042,751)
Unrealized losses on derivative instruments:			
Unrealized losses arising during year	(93,417)	39,867	(53,550)
Less: reclassification adjustment for losses included in net income	97,234	(40,892)	56,342
Other comprehensive income (loss)	\$ (2,086,992)	\$ 820,467	\$ (1,266,525)

18.

FINANCIAL INSTRUMENTS

(1) Derivative financial instruments

The Company operates internationally, giving rise to exposure to market risks from fluctuations in foreign currency exchange and interest rates. In the normal course of its risk management efforts, the Company employs a variety of derivative financial instruments, which are comprised principally of forward exchange contracts, interest rate swap agreements, currency swap agreements, and currency options to reduce its exposures. The Company has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Company's policies prohibit holding or issuing derivative financial instruments for trading purposes. The counterparties to the Company's derivative transactions are financial institutions of high credit standing. The Company does not anticipate any credit loss from nonperformance by the counterparties to forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options.

The Company has entered into forward exchange contracts with banks as hedges against fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies. The forward exchange contracts related to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies mature primarily within a few months of the balance sheet date.

Interest rate swap agreements, currency swap agreements, and currency options are used to limit the Company's exposure to losses in relation to underlying debt instruments and a certain foreign currency denominated accounts receivable resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 2003 to 2012.

Forward exchange contracts and certain interest rate swap agreements and currency swap agreements are designated as either fair value hedges or cash flow hedges depending on the foreign currency denominated accounts receivable or commitments on future trade transactions and the interest rate characteristics of the underlying debt as discussed below.

Fair Value Hedge Strategy

The forward exchange contracts utilized by the Company effectively reduce fluctuation in fair value of accounts receivable denominated in foreign currencies.

The interest rate swap agreements utilized by the Company effectively convert a portion of its fixed-rate debt to a floating-rate basis.

Cash Flow Hedge Strategy

The forward exchange contracts utilized by the Company effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies approximately for the next six months.

The interest rate swap agreements utilized by the Company effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next 10 years.

The Company expects to reclassify ¥744 million (\$6,200 thousand) of net losses on derivative financial instruments from accumulated other comprehensive income (loss) to earnings during the next twelve months due to the collection of accounts receivable denominated in foreign currency and the payment of variable interest associated with the floating-rate debts.

At March 31, 2003, there were no significant gains or losses on derivative financial instruments or portions thereof that were either ineffective as hedges, excluded from assessment of hedge effectiveness, or where the underlying risk did not occur.

The Company's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements, and currency options outstanding at March 31, 2003 and 2002 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	
March 31			2003
Forward exchange contracts:			
To sell foreign currencies	¥ 82,290	¥ 98,878	\$ 685,750
To buy foreign currencies	29,333	29,036	244,442
Interest rate swap agreements	355,517	410,377	2,962,642
Currency swap agreements	133,571	114,560	1,113,092
Currency options	101,922	8,195	849,350

(2) Fair value of financial instruments

The estimated fair values of the Company's financial instruments at March 31, 2003 and 2002 are summarized as follows:

	Millions of yen					
	2003		2002			
March 31	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value		
Nonderivatives:						
Assets:						
Long-term finance receivables, net	¥ 109,394	¥ 107,256	¥ 129,489	¥ 132,267		
Liabilities:						
Long-term debt, including current portion	(1,225,399)	(1,247,035)	(1,159,679)	(1,181,925)		
Derivative financial instruments:						
Forward exchange contracts	238	238	384	384		
Interest rate swap agreements	(2,534)	(2,534)	(3,994)	(3,994)		
Currency swap agreements	(3,611)	(3,611)	(6,853)	(6,853)		
Currency options	(575)	(575)	(31)	(31)		
Thousands of U.S. dollars						
March 31	2003					
	Carrying amount	Estimated fair value				
Nonderivatives:						
Assets:						
Long-term finance receivables, net	\$ 911,617	\$ 893,800				
Liabilities:						
Long-term debt, including current portion	(10,211,659)	(10,391,958)				
Derivative financial instruments:						
Forward exchange contracts	1,983	1,983				
Interest rate swap agreements	(21,117)	(21,117)				
Currency swap agreements	(30,092)	(30,092)				
Currency options	(4,792)	(4,792)				

The above table excludes the financial instruments for which fair values approximate their carrying values and those related to leasing activities.

In assessing the fair value of these financial instruments, the Company has used a variety of methods and assumptions, which were based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable, trade, finance receivables, net, short-term borrowings, notes payable, trade, accounts payable, trade and accounts payable, other and accrued expenses, it was assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices were used for a part of marketable securities and other investments. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, have been used to determine fair value for the remaining financial instruments. These estimated fair values are not necessarily indicative of the amounts that could be realized in a current market exchange.

Marketable securities and other investments include investment securities, which represent holdings in a number of

non-public companies. The aggregate carrying amount of these investments in non-public companies was ¥97,271 million (\$810,592 thousand) and ¥94,427 million at March 31, 2003 and 2002, respectively. However, the corresponding fair value of these investments at those dates was not computed as such estimation was not practicable.

19. LEASES

Lessee

The Company leases manufacturing equipment, office and warehouse space, and certain other assets under operating leases. Rent expenses under such leases for the years ended March 31, 2003 and 2002 were ¥76,180 million (\$634,833 thousand) and ¥84,781 million, respectively.

The Company sold certain machinery and equipment for approximately ¥82,732 million (\$689,433 thousand) and ¥25,000 million during the years ended March 31, 2003 and 2002, respectively. These assets were leased back from the purchaser over periods of less than 5 years under operating lease agreements. The gain or loss on these transactions was not significant.

Minimum lease payments for the Company's non-cancelable operating leases as of March 31, 2003 are as follows:

Year ending March 31		Millions of yen	Thousands of U.S. dollars
2004		¥17,798	\$148,317
2005		15,694	130,783
2006		12,980	108,167
2007		11,240	93,667
2008		5,475	45,625
Thereafter		2,668	22,233
		¥65,855	\$548,792

Lessor

The Company is also a lessor to industrial equipment and information systems under operating leases. Future minimum lease payments to be received as of March 31, 2003 are as follows:

Year ending March 31		Millions of yen	Thousands of U.S. dollars
2004		¥ 5,088	\$ 42,400
2005		4,841	40,342
2006		3,480	29,000
2007		2,876	23,967
2008		2,041	17,008
Thereafter		3,832	31,933
		¥22,158	\$184,650

20. CONSOLIDATION OF VIEs

The Company has entered into several sale and leaseback transactions with SPEs in which certain manufacturing equipment was sold and leased back. The transactions were funded through SPEs. The fair value of the equipment and the outstanding balance of debt of these SPEs in connection with such transactions at March 31, 2003 were ¥68,716 million (\$572,633 thousand) and ¥64,370 million (\$536,417 thousand), respectively. At the end of the lease term, the Company can either purchase the equipment for the estimated fair market value determined at the inception of the lease, or can terminate the agreement by paying the residual value guarantee. In addition, for a certain transaction, the Company provided a guarantee to the lender of the SPE for principal and interest payments of portion of debt incurred by the SPE for the purchase of the equipment. The Company's maximum exposure to loss with respect to its involvement in these VIEs as of March 31, 2003 was ¥48,269 million (\$402,242 thousand), which is the sum of the outstanding balance of debt guaranteed by the Company in the amount of ¥29,142 million (\$242,850 thousand) and the residual value guarantee by the Company in the amount of ¥19,127 million (\$159,392 thousand).

21. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments outstanding at March 31, 2003 for the purchase of property, plant and equipment approximated ¥9,065 million (\$75,542 thousand).

At March 31, 2003, contingent liabilities, other than guarantees disclosed in Note 22, approximated ¥11,957 million (\$99,642 thousand) principally for recourse obligations related to notes receivable transferred.

The Company is a defendant in several pending lawsuits with respect to patent infringement, breaches of contract and warranties and others. The Company's management believes that there are meritorious defenses to all of these actions. Based on the information currently available to both the Company and its legal counsel, management believes that damages from such lawsuits, if any, would not have a material adverse effect on the financial position or the results of operations of the Company.

22. GUARANTEES

Guarantees of financing arrangements

Certain financing subsidiaries of the Company provide guarantees for installment loans and credit financing agreements entered into by its customers for product purchases from third parties. The aggregate amount guaranteed by the Company is ¥349,088 million (\$2,909,067 thousand) as of March 31, 2003. The terms of the guarantees range from less than 1 year to 8 years. The guarantee fee income, which is recognized over the guarantee period, was ¥2,862 million (\$23,850 thousand) for the year ended March 31, 2003. The products purchased are

pledged as collateral for the Company's guarantees.

Guarantees of unconsolidated affiliates and third party debt

The Company guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Company's products and services. Expiration dates vary from 2003 to 2014 or terminate on payment and/or cancellation of the obligation. A payment by the Company would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payment under these guarantees, including the amount provided in Note 20, was ¥127,845 million (\$1,065,375 thousand) as of March 31, 2003.

Guarantees of employees' housing loans

The Company guarantees housing loans of its employees. The term of the guarantees is equal to the term of the related loans which range from 5 years to 30 years. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. The maximum potential payments under these guarantees were ¥40,289 million (\$335,742 thousand) as of March 31, 2003. However, the Company expects that the majority of such payments would be reimbursed through the Company's insurance policy.

Guarantees of transferred corporate bonds

The Company entered into a sale and assumption agreement with an SPE during 2001. As a result, the Company was released from being a primary obligor for ¥20,178 million of the Company's corporate bonds, which mature on various dates through 2008, and became secondarily liable for these obligations. The maximum potential payment by the Company as a secondary obligor was ¥14,529 million (\$121,075 thousand) at March 31, 2003.

Residual value guarantees under sale and leaseback transactions

As discussed in Note 20, the Company may be required to make payments for residual value guarantees in connection with certain sale and leaseback transactions. The operating leases will expire on various dates through September 2007. The maximum potential payments by the Company for such residual value guarantees, including the amount provided in Note 20, were ¥31,224 million (\$260,200 thousand) at March 31, 2003.

Guarantees of defaulted notes receivable

The Company has transferred trade accounts receivable, trade notes receivable and finance receivables under several securitization programs. Upon certain sales of trade notes receivable, the Company holds a repurchase obligation, which the Company is required to perform upon default of the trade notes receivable. The trade notes receivable generally mature within three months. The maximum potential payment for such repurchase obligation was ¥12,165 million (\$101,375 thousand) as of March 31, 2003.

The carrying amounts of the liabilities for the Company's obligations under the guarantees described above at March 31, 2003 were not significant.

Warranty

Estimated warranty costs are accrued for at the time the product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience. The following is a reconciliation of the product warranty accrual:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
March 31			
Balance at beginning of year	¥20,886	¥20,945	\$174,050
Warranties issued	19,775	19,120	164,792
Settlements made	(20,542)	(20,429)	(171,183)
Foreign currency translation	(628)	1,250	(5,234)
Balance at end of year	¥19,491	¥20,886	\$162,425

23.

SUPPLEMENTAL CASH FLOW INFORMATION

In April 2002, Toshiba Corporation formed Toshiba Matsushita Display Technology Co., Ltd. ("TMD") with Matsushita Electric Industrial Co., Ltd. ("Matsushita"). In connection with this transaction, Toshiba Corporation and Matsushita contributed certain operating facilities, in return for 60 percent and 40 percent interests, respectively, in TMD. The carrying value of the assets and liabilities acquired, net of cash received of ¥2,001 million (\$16,675 thousand), was ¥70,666 million (\$588,883 thousand), and ¥59,953 million (\$499,608 thousand), respectively.

During the year ended March 31, 2003, Toshiba Corporation contributed certain assets and liabilities aggregating ¥55,009 million (\$458,408 thousand), and ¥30,568 million (\$254,733 thousand), respectively, and formed TM T&D with Mitsubishi Electric Corporation. As a result of this transaction, Toshiba Corporation obtained a 50 percent interest in TM T&D.

On January 1, 2003, Toshiba Corporation and Matsushita formed MTPD. In connection therewith, Toshiba Corporation contributed substantially all assets and liabilities of four of its subsidiaries, in exchange for 35.5 percent interest in MTPD, and recognized a gain of approximately ¥6,269 million (\$52,242 thousand). The aggregate book carrying value of the assets and liabilities contributed by Toshiba Corporation amounted to ¥50,622 million (\$421,850 thousand) and ¥31,462 million (\$262,183 thousand), respectively. The gain of ¥6,269 million (\$52,242 thousand), representing the difference between the fair value of the investment obtained in MTPD, and the net book value of the assets and liabilities contributed, adjusted for Toshiba Corporation's interest in MTPD, is included in other income in the accompanying consolidated statement of operations for the year ended March 31, 2003.

During the year ended March 2003, certain operating assets and liabilities were sold to unaffiliated parties in exchange for marketable securities. In connection with such activity, Toshiba Corporation obtained marketable equity securities of ¥12,911 million (\$107,592 thousand), in return for net assets and liabilities aggregating ¥17,152 million (\$142,933 thousand), and recorded a loss on disposal of assets of ¥4,241 million (\$35,342 thousand).

REPORT OF INDEPENDENT AUDITORS

■ Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011
C.P.O. Box1196, Tokyo 100-8641

■ Phone: 03-3503-1191
Fax : 03-3503-1277

The Board of Directors and Shareholders
Toshiba Corporation

We have audited the accompanying consolidated balance sheets of Toshiba Corporation (the "Company") as of March 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company has not presented segment information required to be disclosed in accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" for the years ended March 31, 2003 and 2002. In our opinion, presentation of segment information is required under accounting principles generally accepted in the United States of America for a complete presentation of the Company's consolidated financial statements.

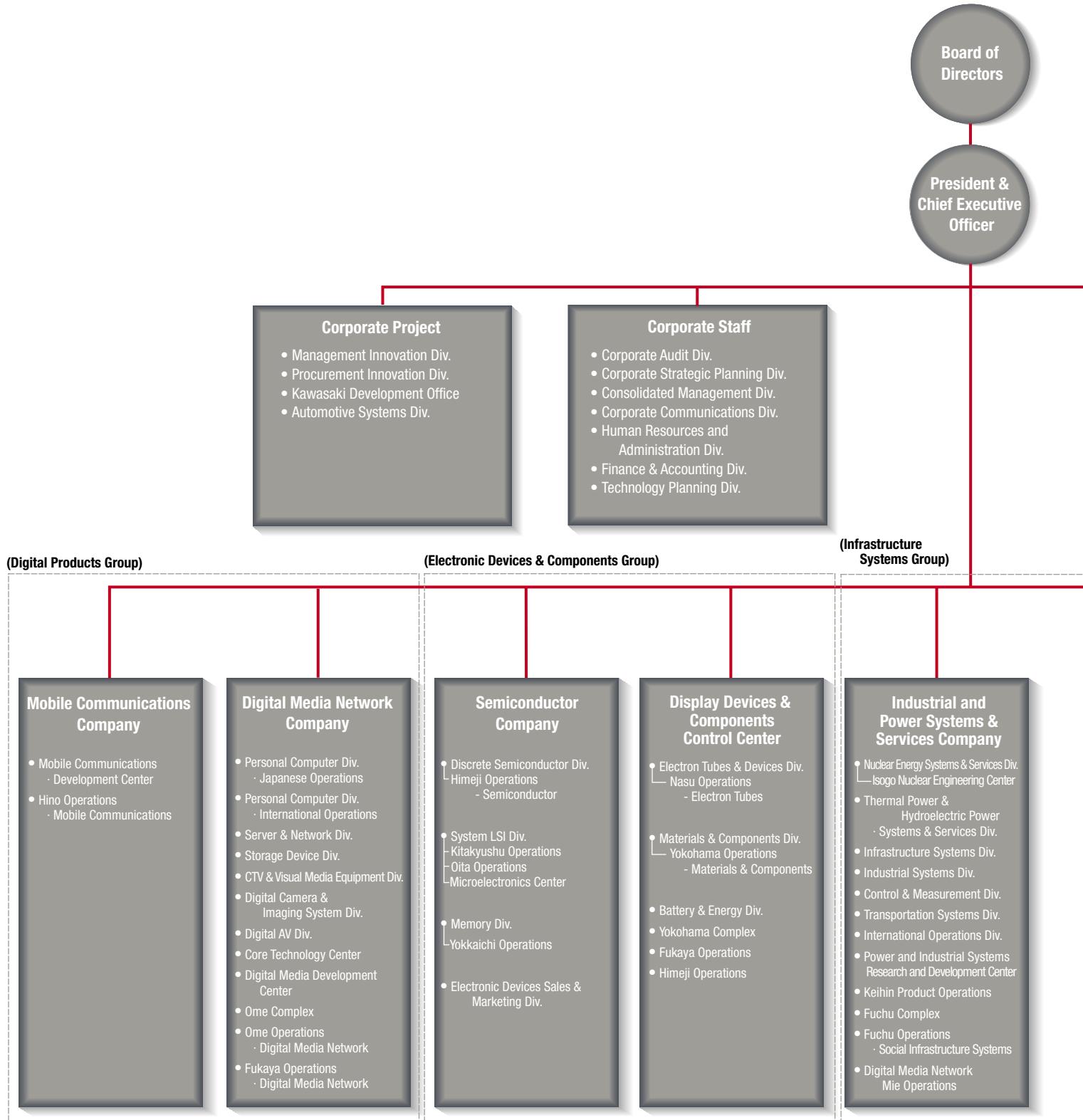
In our opinion, except for the omission of segment information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have also reviewed the translation of the financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

April 25, 2003

TOSHIBA CORPORATION MANAGEMENT ORGANIZATION CHART

(April 1, 2003)

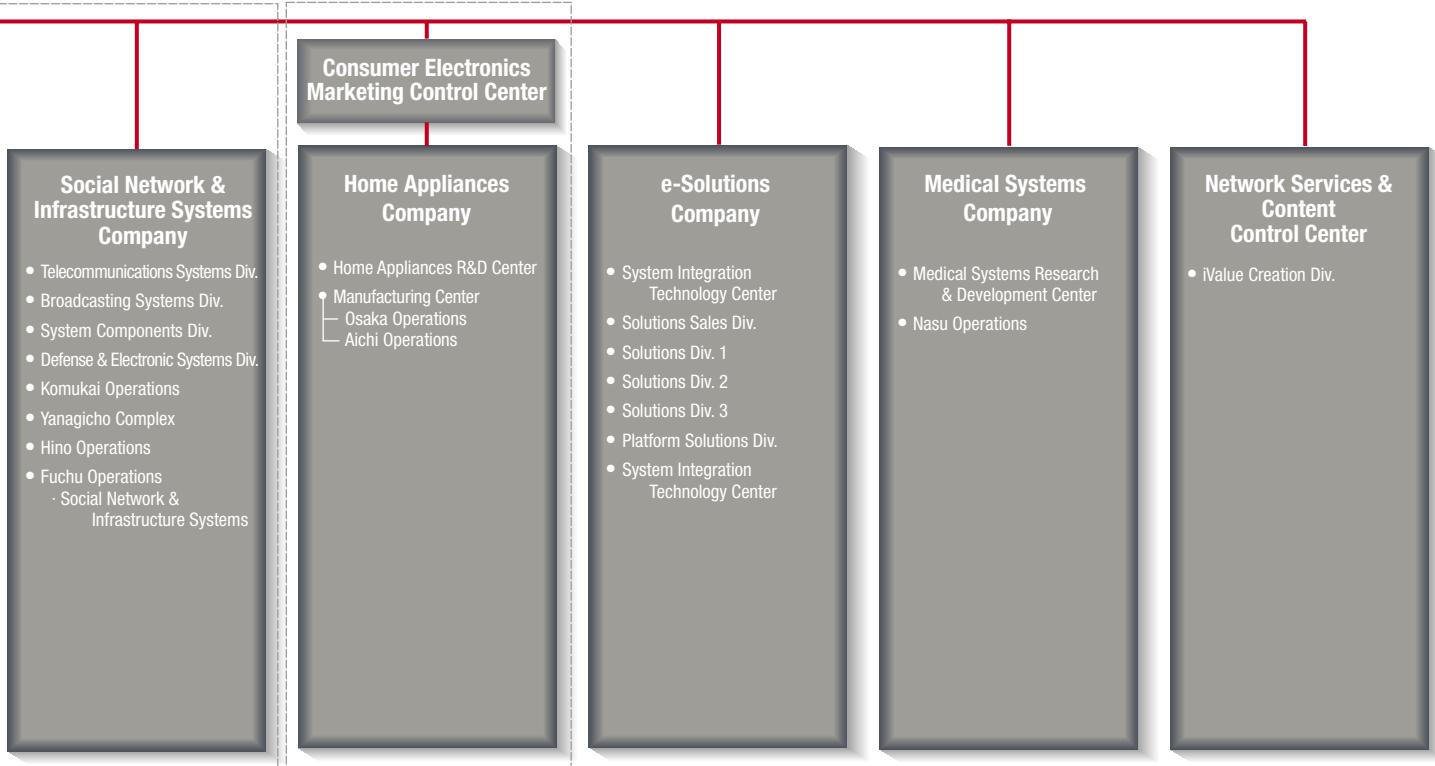




Corporate Support Services

- Employee Wellness Div.
- Legal Affairs Div.
- Intellectual Property Div.
- Export Control Div.
- Corporate Research & Development Center
- Corporate Manufacturing Engineering Center
- Software Engineering Center
- Environmental Protection Planning Div.
- Information Systems Center
- Corporate Marketing Planning Group
- Design Center
- Employee Affairs Service Center
- Procurement Center

(Consumer Electronics Group)



GLOBAL NETWORK

Overseas Offices

EUROPE

Moscow

AFRICA

Johannesburg

MIDDLE EAST

Baghdad
Abu Dhabi

ASIA

Shanghai

Toshiba International Corp.
Houston, Texas, U.S.A.

Toshiba America Electronic Components, Inc.
Irvine, California, U.S.A.

Toshiba Display Devices, Inc.
Horseheads, New York, U.S.A.

Audiovox Communications Corp.
Hauppauge, New York, U.S.A.

TGA Holdings L.L.C.
New Castle Country, Delaware, U.S.A.

GE Toshiba Automation Systems, L.L.C.
Wilmington, Delaware, U.S.A.

Encratec, Inc.
Columbus, Indiana, U.S.A.

Toshiba Electronics Scandinavia A.B.
Bromma, Sweden

Toshiba International Finance (Netherlands) B.V.
Haarlem, The Netherlands

Toshiba Medical Systems Europe B.V.
Zoetermeer, The Netherlands

Toshiba Medical Systems B.V.
Zoetermeer, The Netherlands

Toshiba Medical Systems NV/SA
Antwerpen, Belgium

Toshiba Europe GmbH
Neuss, Germany

Toshiba Semiconductor GmbH
Braunschweig, Germany

Toshiba Electronics Europe GmbH
Düsseldorf, Germany

Toshiba Medical Systems GmbH
Neuss, Germany

Toshiba Systèmes (France) S.A.
Puteaux, France

Toshiba Electronics France S.A.R.L.
Rosny-Sous-Bois, France

Schneider Toshiba Inverter S.A.S.
Pcy-sur-Eure, France

Schneider Toshiba Inverter Europe S.A.S.
Pcy-sur-Eure, France

Toshiba Medical France S.A.
Puteaux, France

Toshiba Medical Systems Gesellschaft m.b.H.
Wiener Neudorf, Austria

Toshiba Medical Systems AG
Oetwil am See, Switzerland

Toshiba Electronics Italiana S.R.L.
Milan, Italy

Toshiba Medical Systems S.R.L.
Rome, Italy

Toshiba Electronics España, S.A.
Madrid, Spain

Toshiba Medical Systems S.A.
Madrid, Spain

ZAO Toshiba Medical Systems
Moscow, CIS

LLC Toshiba Digital Media Network CIS
Moscow, Russia

LATIN AMERICA

Toshiba de Mexico, S.A. de C.V.
Mexico City, Mexico

Toshiba Electromex, S.A. de C.V.
Ciudad Juárez, Mexico

GE Toshiba Turbine Components de Mexico S.R.L. de C.V.
Monterrey, Mexico

Toshiba de Venezuela C.A.
Caracas, Venezuela

Semp Toshiba Amazonas S.A.
Manaus, Brazil

T and S Serviços Industrias S/C Ltda.
São Paulo, Brazil

Toshiba do Brasil, S.A.
São Paulo, Brazil

Toshiba Medical do Brasil Ltda.
São Paulo, Brazil

EUROPE

Toshiba of Europe Ltd.
London, U.K.

Toshiba International Finance (UK) Plc.
London, U.K.

Toshiba Research Europe Ltd.
Cambridge, U.K.

Toshiba Information Systems (UK) Ltd.
Weybridge, U.K.

TTI Card Technology Europe Ltd.
Northamptonshire, U.K.

Toshiba International (Europe) Ltd.
West Drayton, U.K.

Toshiba Electronics (UK) Ltd.
Camberley, U.K.

Toshiba Medical Systems Ltd.
Crawley, U.K.

MIDDLE EAST

Toshiba Gulf FZE
Dubai, U.A.E.

Overseas Subsidiaries and Affiliates

NORTH AMERICA

Toshiba of Canada, Ltd.
Markham, Ontario, Canada

Toshiba GE Automation Systems Canada Corp.
Peel, Ontario, Canada

Toshiba America, Inc.
New York, New York, U.S.A.

Toshiba America Capital Corp.
New York, New York, U.S.A.

Toshiba America Research, Inc.
Morristown, New Jersey, U.S.A.

Toshiba America Medical Systems, Inc.
Tustin, California, U.S.A.

Toshiba America MRI Inc.
South San Francisco, California, U.S.A.

Applied Super Conetics, Inc.
San Diego, California, U.S.A.

Toshiba America Information Systems, Inc.
Irvine, California, U.S.A.

Toshiba America Business Solutions, Inc.
Irvine, California, U.S.A.

Toshiba America Consumer Products, Inc.
Wayne, New Jersey, U.S.A.

Toshiba Hawaii, Inc.
Honolulu, Hawaii, U.S.A.

ASIA

Toshiba China Co., Ltd.
Beijing, The People's Republic of China

Toshiba Dalian Co., Ltd.
Dalian, The People's Republic of China

Toshiba Hangzhou Co., Ltd.
Hangzhou, The People's Republic of China

Hangzhi Machinery & Electronics Co., Ltd.
Hangzhou, The People's Republic of China

Ningbo Toshiba Huatong Switchgear Co., Ltd.
Ningbo, The People's Republic of China

Guangzhou Toshiba Baiyun Electrical Equipment Co., Ltd.
Guangzhou, The People's Republic of China

Dalian Toshiba Locomotive Electric Equipment Co., Ltd.
Dalian, The People's Republic of China

Shenyang Neusoft Business Software Co., Ltd.
Shenyang, The People's Republic of China

Dalian Toshiba Broadcasting System Co., Ltd.
Dalian, The People's Republic of China

Beijing Tongfang-Tsingshiba Business Machines Co., Ltd.
Beijing, The People's Republic of China

Jiangsu Honshiba Network System Equipment Co., Ltd.
Jiangsu, The People's Republic of China

Dalian Toshiba Television Co., Ltd.
Dalian, The People's Republic of China

Toshiba Computer Systems (Shanghai) Co., Ltd.
Shanghai, The People's Republic of China

Toshiba Information Equipment (Hangzhou) Co., Ltd.
Hangzhou, The People's Republic of China

Toshiba Storage Device (Shanghai) Co., Ltd.
Shanghai, The People's Republic of China

Nanjing Postel Wang Zhi Telecommunications Co., Ltd.
Nanjing, The People's Republic of China

Changzhou Toshiba Transformer Co., Ltd.
Changzhou, The People's Republic of China

Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd.
Henan, The People's Republic of China

Zhuhai Xujizhi Power System Automation Co., Ltd.
Zhuhai, The People's Republic of China

Langfang Epri Toshiba Arrester Co., Ltd.
Langfang, The People's Republic of China

Toshiba Electronics (Shanghai) Co., Ltd.
Shanghai, The People's Republic of China

Toshiba Electronics (Shenzhen) Co., Ltd.
Shenzhen, The People's Republic of China

Toshiba Semiconductor (Wuxi) Co., Ltd.
Wuxi, The People's Republic of China

Tsurong Xiamen Xiangyu Trading Co., Ltd.
Xiamen, The People's Republic of China

Jiangxi Toshiba Electronics Materials Co., Ltd.
Jiangxi, The People's Republic of China

Toshiba Washing Machine (Wuxi) Co., Ltd.
Wuxi, The People's Republic of China

Toshiba Electronics Korea Corp.
Seoul, The Republic of Korea

Toshiba Digital Media Network Korea Corp.
Seoul, The Republic of Korea

Korea Electronic Material Co., Ltd.
Inchon City, The Republic of Korea

Taiwan Toshiba International Procurement Corp.
Taipei, Taiwan

Toshiba Information, Industrial and Power Systems Taiwan Corp.
Taipei, Taiwan

Toshiba Digital Media Network Taiwan Corp.
Taipei, Taiwan

Toshiba Memory Semiconductor Taiwan Corp.
Taipei, Taiwan

Toshiba Electronics Taiwan Corp.
Taipei, Taiwan

Toshiba Hong Kong Ltd.
Shatin, Hong Kong SAR

Toshiba Electronics Asia, Ltd.
Kowloon, Hong Kong SAR

Toshiba Information Equipment (Philippines), Inc.
Laguna, Philippines

Toshiba Electronics Philippines, Inc.
Manila, Philippines

Toshiba Vietnam Consumer Products Co., Ltd.
Ho Chi Minh City, Vietnam

Toshiba Vietnam Home Appliances Co., Ltd.
Binh Duong, Vietnam

Toshiba Thailand Co., Ltd.
Bangkok, Thailand

Toshiba Semiconductor (Thailand) Co., Ltd.
Bangkok, Thailand

Toshiba Electronics Service (Thailand) Co., Ltd.
Bangkok, Thailand

Toshiba Display Devices (Thailand) Co., Ltd.
Bangkok, Thailand

Thai Toshiba Electric Industries Co., Ltd.
Bangkok, Thailand

Toshiba Consumer Products (Thailand) Co., Ltd.
Bangkok, Thailand

Toshiba Sales and Services Sdn. Bhd.
Selangor, Malaysia

Toshiba Electronics Malaysia Sdn. Bhd.
Selangor, Malaysia

Toshiba Electronics Trading (Malaysia) Sdn. Bhd.
Kuala Lumpur, Malaysia

Toshiba Capital (Asia) Ltd.
Singapore

Toshiba Asia Pacific Pte., Ltd.
Singapore

Toshiba Data Dynamics Pte., Ltd.
Singapore

Toshiba Video Products Pte., Ltd.
Singapore

Toshiba Singapore Pte., Ltd.
Singapore

Toshiba Electronics Asia (Singapore) Pte., Ltd.
Singapore

Toshiba Medical Systems Asia Pte., Ltd.
Singapore

P.T. Schneider Manufacturing Batam
Batam Island, Indonesia

P.T. Toshiba Consumer Products (Indonesia)
Bekasi, Indonesia

P.T. Toshiba Visual Media Network
Indonesia
Jakarta, Indonesia

P.T. Toshiba Display Devices Indonesia
Bekasi, Indonesia

P.T. Display Devices Indonesia
Bekasi, Indonesia

Toshiba India Private Ltd.
New Delhi, India

OCEANIA

Toshiba International Corporation Pty., Ltd.
Sydney, Australia

Toshiba (Australia) Pty., Ltd.
Sydney, Australia

(As of March 31, 2003)

CONSOLIDATED SUBSIDIARIES**DOMESTIC**

A&T Battery Corporation
 Device Link, Inc.
 Harison Toshiba Lighting Corporation
 IT-Services Corporation
 Iwate Toshiba Electronics Co., Ltd.
 Joint Fuel Co., Ltd.
 Kaga Toshiba Electronics Corporation
 Kawasaki Estate Management Co., Ltd.
 Shibaura Mechatronics Corporation
 Toshiba Battery Co., Ltd.
 Toshiba Building Co., Ltd.
 Toshiba Capital Corporation
 Toshiba Carrier Airconditioning Systems Corporation
 Toshiba Carrier Corporation
 Toshiba Device Corporation
 Toshiba Elevator and Building Systems Corporation
 Toshiba Elevator Products Corporation
 Toshiba Engineering Corporation
 Toshiba Finance Corporation
 Toshiba Home Technology Corporation
 Toshiba Industrial Products Sales Corporation
 Toshiba Information Equipments Co., Ltd.
 Toshiba IT-Solutions Corporation
 Toshiba Lifestyle-Electronics Corporation
 Toshiba Lighting & Technology Corporation
 Toshiba Logistics Corporation
 Toshiba Matsushita Display Technology Co., Ltd.
 Toshiba Medical Finance Co., Ltd.
 Toshiba Medical Systems Co., Ltd.
 Toshiba Multi Media Devices Co., Ltd.
 Toshiba Plant Kensetsu Co., Ltd.
 Toshiba Sogo Finance Corporation
 Toshiba TEC Corporation

Plus 168 Others

OVERSEAS

AFPD Pte., Ltd.
 Dalian Toshiba Television Co., Ltd.
 GE Toshiba Automation Systems, L.L.C.
 Taiwan Toshiba International Procurement Corp.
 TGA Holdings L.L.C.
 Toshiba (China) Co., Ltd.
 Toshiba America Business Solutions, Inc.
 Toshiba America Capital Corporation
 Toshiba America Consumer Products, Inc.
 Toshiba America Electronic Components, Inc.
 Toshiba America Information Systems, Inc.
 Toshiba America Medical Systems, Inc.
 Toshiba America MRI, Inc.
 Toshiba America, Inc.
 Toshiba Asia Pacific Pte., Ltd.
 Toshiba Capital (Asia) Ltd.
 Toshiba Compressor (Taiwan) Corporation
 Toshiba Consumer Products (Thailand) Co., Ltd.
 Toshiba Dalian Co., Ltd.
 Toshiba Electronics Asia, Ltd.
 Toshiba Electronics Malaysia Sdn. Bhd.
 Toshiba Europe Gmbh
 Toshiba Information Equipment (Philippines), Inc.
 Toshiba Information Systems (UK) Ltd.
 Toshiba International Corporation
 Toshiba International Finance (Netherlands) B.V.
 Toshiba International Finance (UK) Plc.
 Toshiba Medical Systems Europe B.V.
 Toshiba Systemes (France) S.A.
 Toshiba Tec Europe Imaging Systems S.A.
 Toshiba Tec France Imaging Systems S.A.

Plus 83 Others

AFFILIATED COMPANIES ACCOUNTED BY THE EQUITY METHOD**DOMESTIC**

ep Broadcasting Corporation
 ep Corporation
 GE Toshiba Silicones Co., Ltd.
 Media Serve Corporation
 Mobile Broadcasting Corporation
 MT Picture Display Co., Ltd.
 NEC Toshiba Space Systems, Ltd.
 TM T&D Corporation
 Topcon Corporation
 Toshiba Ceramics Co., Ltd.
 Toshiba Machine Co., Ltd.
 Toshiba Tungaloy Co., Ltd.
 Plus 16 Others

OVERSEAS

Audiovox Communications Corporation
 Beijing Matsushita Cathode Ray Tube Co., Ltd.
 GE Toshiba Turbine Components de Mexico S.R.L. de C.V.
 Guangdong Meizhi Compressor Limited
 Matsushita Display Device Corporation (M) Sdn. Bhd.
 Matsushita Display Device of America
 P.T. Display Devices Indonesia
 P.T. Toshiba Display Devices Indonesia
 Semp Toshiba Amazonas S.A.
 Toshiba Carrier (Thailand) Co., Ltd.
 Toshiba Carrier UK Ltd.
 Toshiba Display Devices (Thailand) Co., Ltd.
 Toshiba Display Devices Inc.
 Plus 11 Others

(As of March 31, 2003)

Investor Reference

TOSHIBA CORPORATION

FOUNDED

July 1875

CAPITAL

¥274,926 million

EMPLOYEES

165,776

COMMON STOCK

Authorized:

10,000,000,000 shares

Issued:

3,219,027,165 shares

No. of shareholders:

486,702

Average holdings: 6,614 shares

Stock Code:

6502

Transfer Agent:

The Chuo Mitsui Trust and Banking Company, Limited

HEADQUARTERS

1-1, Shibaura 1-chome,
Minato-ku, Tokyo 105-8001,
Japan

PRINCIPAL SHAREHOLDERS (%)

The Master Trust Bank of Japan, Ltd. (trust accounts)	5.32
The Dai-ichi Mutual Life Insurance Company	3.63
Japan Trustee Service Bank, Ltd. (trust accounts)	3.61
Nippon Life Insurance Company	3.24
Sumitomo Mitsui Banking Corporation	2.36
State Street Bank and Trust Company	1.80
Employees Stock Ownership Plan	1.65
The Chase Manhattan Bank NA London	1.60
NIPPONKOA Insurance Co., Ltd.	1.55
Shinsei Bank, Limited	1.52

As of March 31, 2003

Web site information

The screenshot shows the Toshiba Investor Relations website. At the top, there are links for 'Corporate Information' (Corporate Data, Press Releases, The Environment and Philanthropy), 'Investor Relations' (To Our Shareholders, Stock Information, Corporate Bond and Ratings, Calendar of Events, Analyst Coverage, IIR Library, Presentations, Financial Indicators, Financial Statements, FAQ, Request for Annual Report, Site Map), and 'Contact Us'. Below this is the 'TOSHIBA Disclosure Policy' section, which includes a portrait of President Tadashi Okamura and a statement about disclosure policy. To the right, there are links for 'Stock Quotes (delayed 20 mins)', 'Price 371yen (19) as of 06/05/2003 09:51JST', and 'More'. At the bottom, there is a link for 'Business Results for Fiscal Year 2002 Streaming'.

Toshiba is vigorously carrying out Internet-based IR activities to ensure timely and fair disclosure to all investors. Our investor relations site features information for investors, including press releases, investors' guides and business results announcements, as well as streaming video of business results meetings and explanatory sessions. There is also a section that allows site visitors to express their opinions and ask questions, part of our efforts to improve the quality of our IR activities through interactive communications with investors.

www.toshiba.co.jp/about/ir/index.htm

For further information, please contact:

Toshiba Corporation

Investor Relations Group

Corporate Communications Office

1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan

Phone: +81-3-3457-2096 Facsimile: +81-3-5444-9202

E-mail: ir@toshiba.co.jp

<http://www.toshiba.co.jp/about/ir/index.htm>

Product names may be trademarks of their respective companies.

TOSHIBA CORPORATION



Printed in Japan

This report was printed entirely on recycled paper with soy-based ink.

EXHIBIT L

From: Tom Heiser
Sent: Thu, 25 Apr 2002 17:06:13 GMT
To: satoshi.ando@hedus.com; Thom.schmitt@hedus.com
Subject: FW: Newspaper Article - Matsushita / Toshiba - CRT Operation Integration

L. Thomas Heiser
Vice President & General Manager, Sales
Hitachi Electronic Devices, USA
770 409-3001
770 409-3028 (FAX)

----- Forwarded by Tom Heiser/HEDUS on 04/25/2002 01:06 PM -----

Welch Anthony <WelchA@tce.com>
04/25/2002 12:59 PM

To: "thom.schmitt@hedus.com" <thom.schmitt@hedus.com>,
"garry.gwaltney@hitachi-hhta.com" <garry.gwaltney@hitachi-hhta.com>,
"tom.heiser@hedus.com" <tom.heiser@hedus.com>
cc:
Subject: FW: Newspaper Article - Matsushita / Toshiba - CRT Operation Integration

you no doubt already know about this, but

-----Original Message-----

From: Kitagawa Etsuko
Sent: Thursday, April 25, 2002 3:34 AM
Subject: Newspaper Article - Matsushita / Toshiba - CRT Operation Integration
msg no. EKM - 042305

The following article appeared in Nikkei Sangyo Shimbun dated 23 April 2002 and Nihon Keizai Shimbun evening edition dated 20 April 2002.

< Matsushita / Toshiba - CRT Operation Integration >

Matsushita Electric Industrial Co. and Toshiba Corp. entered into the final stage of agreement toward integrating their CRT business for television and personal computer. This is the second integration continuing to their LCD joint venture and they aim at making an agreement in the end of May. They improve efficiency by integration and they will compete against low-price attack by Korean/Taiwanese manufacturers.

Both companies integrated their LCD operation on 1 April and established the joint company on 15 April who procures components and materials for CRT. They are studying further this time about unification from development, manufacturing, through sales.

Although the time of integration has not decided yet, they are planning to establish a joint venture and will place a manufacturing division under this

venture. Toshiba invested 60% when they made LCD joint venture, but, Matsushita has a plan to invest more than 50% at this CRT joint venture.

The CRT manufacturing base will be six factories including Takatsuki in Osaka by Matsushita, and four factories including Himeji in Hyogo by Toshiba.

The yearly CRT production will be about 17 million units by Matsushita and about 12 million units by Toshiba. If both companies unified CRT operation, it will rise to the world's fourth-biggest group next to LG/Philips alliance, Samsung group, ChungHwa Picture Tubes.

Regards,
Kitagawa

EXHIBIT M

Matsushita, Toshiba Advances CRT Joint Venture

3/28/2003 12:32:00 PM Eastern



By: By TWICE Staff

Like 0

Tweet 0

2

TROY, Ohio & HORSEHEADS, N.Y. - Cathode Ray Tube manufacturers Matsushita Display Devices and Toshiba Display Devices have joined forces in a new joint CRT joint venture company called Matsushita Toshiba Picture Display Co., Ltd.

The new operation, which was first announced last Fall by Matsushita Electric Industrial and Toshiba Corporation, will integrate global CRT operations of the two companies, including R&D, manufacturing, and sales, making it "the world's third largest CRT company," the companies said in a prepared statement.

The new company will employ over 15,700 people worldwide, and becomes the largest manufacturer of 32-inch and 36-inch CRT products in North America.

Matsushita will own 64.5 percent of the joint venture while Toshiba will own 35.5 percent.

Minoru Ueda from Matsushita has been named president of the new company, while Toshiba Corporate VP, Eisaburo Hamano, has been named VP.

Masayuki (Mike) Nakamoto will direct the North American Operations of the joint venture, which includes manufacturing facilities in Troy, Ohio and Horseheads, N.Y., as well as sales offices in Chicago and San Diego.

Shigekazu Shibata will continue as president and CEO of Toshiba Display Devices in Horseheads, NY.

The Troy facility began production in 1988 as American Matsushita Electronics Corporation, which through successive corporate changes became Matsushita Display Devices Corporation of America, a subsidiary of Matsushita Electric Industrial in January 2003.

Employing over 1,350 employees, the facility has experienced continuous growth over the past five years, adding manufacturing facilities exceeding \$250 million dollars in capital investments.

The Troy Facility has five manufacturing lines and a capacity to produce 6,000,000 CRTs annually.

Toshiba Display Devices' (TDD) Horseheads, NY manufacturing facility has made capital investments in excess of \$150 million dollars over the last five years.

The Horseheads plant began production in 1986 as part of a joint venture with Westinghouse. In 1989, Toshiba purchased sole ownership. Today, TDD employs more than 1,150 employees in the production of very large screen television tubes.

TDD is a leading supplier of flat screen 32-inch and 36-inch picture tubes in North America.

"This new venture draws on the strengths of two leading electronics companies - Matsushita, best known for its Panasonic brand, and Toshiba - to build a new force in

the global market," noted Matsushita Toshiba Picture Display Director, Mike Nakamoto. "Together, with our excellent combined workforce and proven results, we will continue to evolve and answer the growing global demand for super-large flat tubes and projection tubes for digital and high-definition broadcasting."

Asked about what changes can be expected from the joint venture, TDD President and CEO, Shigekazu Shibata replied, 'We will look for ways to leverage our management and employee resources into becoming the number one CRT producer in North America. We expect to be able to do this by strengthening our cost competitiveness through standardization of products and design. We will also be able to compare processes and procedures in an effort to develop best practices at each of our facilities. This Joint Venture is an important step in our evolution.'

EXHIBIT N

The statutes of limitations applicable to Plaintiffs' state antitrust and consumer protection claims range from three years to six years:

Three Years: Kansas, Mississippi, New York, Tennessee. Kan. Stat. Ann. § 60-512 (antitrust and consumer protection); Miss. Code Ann. § 15-1-49 (antitrust); N.Y. C.P.L.R. § 214(2) (consumer protection); Tenn. Code Ann. § 28-3-105 (antitrust).

Four Years: Arizona, California, Florida, Hawaii, Iowa, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Rhode Island, South Dakota and West Virginia. Ariz. Rev. Stat. § 44-1410 (antitrust); Cal. Bus. & Prof. Code § 16759.1 (antitrust), § 17208 (consumer protection); Fla. Stat. Ann. § 542.26 (consumer protection); Haw. Rev. Stat. Ann. § 480-24 (consumer protection); Iowa Code. Ann. § 553.16(1) (antitrust); Mass. Gen. Laws Ann. ch. 260, § 5A (consumer protection); Mich. Comp. Laws Ann. § 445.781 (antitrust); Minn. Stat. Ann. § 325D.64 (antitrust); Neb. Rev. Stat. § 59-1612 (antitrust and consumer protection); Nev. Rev. Stat. § 598A.220 (antitrust); N.M. Stat. Ann. § 57-1-12 (antitrust and consumer protection); N.C. Gen. Stat. § 75-16.2 (antitrust and consumer protection); N.D. Cent. Code § 51-08.1-10(1) (antitrust); R.I. Gen. Laws § 6-36-23 (consumer protection); S.D. Codified Laws § 37-1-14.4 (antitrust); W. Va. Code Ann. § 47-18-11 (antitrust and consumer protection).

Six Years: Vermont, Wisconsin. Vt. Stat. Ann. tit. 12, § 511 (antitrust and consumer protection); Wisc. Stat. Ann. § 133.18(2) (antitrust). Only the Indirect Purchaser Plaintiffs assert claims under Vermont Law. Only the Indirect Purchaser Plaintiffs and Sears, Roebuck and Co. and Kmart Corp. assert claims under Wisconsin law.